Annual Report

January 1 - December 31, 2019

Siteimprove A/S | Sankt Annæ Plads 28 | 1250 Copenhagen | Denmark

CVR No 25 53 70 17

The Annual Report was presented and adopted at the Annual General Meeting on May 20, 2020

Niels Lenander Jensen
Chairman

Siteimprove

We believe in a world where digital drives prosperity and equality for brands and their customers

Contents

Letter from the CEO

Dear reader,

I invite you to explore Siteimprove's growth throughout the year in our 2019 Annual Report. You will find we've grown not only in revenue but also in the breadth of our solution, our ability to work alongside customers for success, and our leadership capabilities.

Partnering for success

Businesses all over the world have long trusted Siteimprove to help them achieve accessibility compliance and high quality content. Our customers know that it's not only our software products that empower them to create a more inclusive web for all users, but also the fact that we work alongside them to project manage, test, and implement changes.

In our experience, software alone doesn't change results and behavior, but having a technology partner who can guide and advise does.

Because of that, a large focus area for us in 2019 has been overhauling our customer implementation and success plans. Our new plans will proactively help customers solve their business problems. We will continue to focus on implementation and training throughout 2020, and we expect Implementation Specialists to be a key hiring area for us during that time.

Creating a connected MarTech ecosystem

Our new approach to customer implementation and success is also a result of our efforts to be more and more enterprise compatible. Large organizations are undoubtedly more complex—meaning they need a solution partner to help their implementation be a success. We are ready and equipped to be that partner.

It's also critical for organizations of any size, but especially enterprise businesses, that their solutions of choice integrate into a cohesive MarTech stack. Software should help businesses solve problems, not create new ones. Throughout 2019, we expanded our platform capabilities, increased our integrations with key marketing automation platforms, and continued working closely with essential partners, such as Adobe.

We also expanded our marketing suite to further serve digital marketing teams with two new products: Siteimprove Ads and Siteimprove Performance. In doing so, we've created a platform with a breadth of products and integration options for the entire digital marketing team. To continue developing an enterprise level product, we will focus on hiring for our Product Development team in 2020.

Driving digital accessibility forward

In parallel to the expansion of our digital marketing solution, we continued to drive digital accessibility initiatives all over the world.

Throughout 2019, we worked with global partners and leading bodies on developing the next generation of accessibility testing tools, while also contributing to the creation of standardized Accessibility Conformance Testing (ACT) rules through our partnership with W3C.

Enhancing leadership capabilities

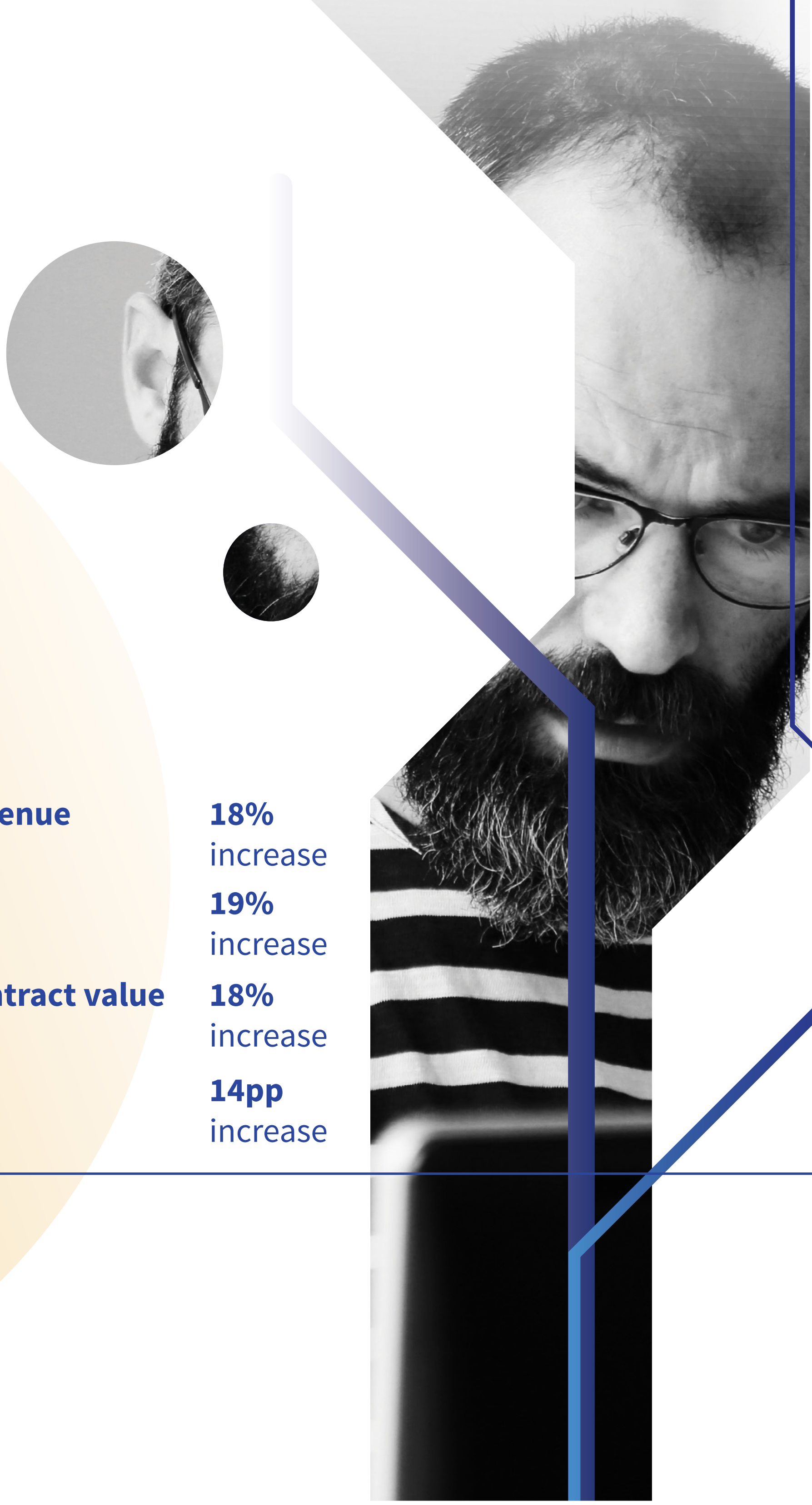
One of the most significant changes for the business in 2019 was advancing our C-level management and board. Throughout the year, we added a Chief Marketing Officer, Chief Product Officer, and Chief Technology Officer to our C-level team. We also added new members to our Board of Directors, including Jesper Tranholm Frederiksen and Brendan Thomas Bank. In doing so, we've created a seasoned and robust leadership team that has the right experience to lead Siteimprove forward in 2020 and beyond.

Thank you

I would like to personally thank every single Siteimprove employee, our customers, our partners, our leadership team, and the board for their hard work throughout the year. We're all looking forward to 2020 and the progress Siteimprove will make as we continue our journey forward as a renowned SaaS company.

Kind regards
Morten Ebbesen
Founder & CEO, Siteimprove

Financial highlights



Annual Recurring Revenue USD 81.6 million	**18%** increase
Revenue USD 73.1 million	**19%** increase
Average customer contract value USD 11.0 thousand	**18%** increase
EBITDA margin +7%*	**14pp** increase

*+4% adjusted for impact of IFRS16.

Group chart

Name	Country	Ownership
Siteimprove A/S	Denmark, Copenhagen	Parent
Siteimprove AS	Norway, Oslo	100%
Siteimprove GmbH	Germany, Berlin	100%
Siteimprove GmbH	Switzerland, Zürich	100%
Siteimprove GmbH	Austria, Vienna	100%
Siteimprove i Sverige AB	Sweden, Malmo	100%
Siteimprove Inc.	USA, Minneapolis	100%
Siteimprove Inc.	Canada, Toronto	100%
Siteimprove K.K.	Japan, Tokyo	100%
Siteimprove Pte. Ltd.	Singapore	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	100%
Siteimprove Ltd.	United Kingdom, London	100%
Siteimprove Pty Ltd.	Australia, Sydney	100%
Siteimprove B.V.	Netherlands, Amsterdam	100%
Siteimprove Oy	Finland, Helsinki	100%
Siteimprove S.L.U.	Spain, Madrid	100%
Siteimprove S.R.L.	Italy, Milan	100%
Siteimprove SAS	France, Paris	100%
Siteimprove SPRL	Belgium, Brussels	100%

Company highlights

Q1

- Rolled out our Accessibility Pledge, where we commit to championing global inclusion by empowering people to do more through digital accessibility. We pledge that accessibility will remain a priority even in the face of release deadlines and aesthetics.
- Integrated accessibility into our procurement process, so all third-party tools must meet our minimum accessibility requirements.
- Published a report in conjunction with The European Disability Forum (EDF) that assessed the accessibility of EU parliament websites using Siteimprove's Digital Certainty Index®. We found that 89% of EU member states failed to meet Web Accessibility Directive requirements.

Q2

- Released the Accessibility World Map, an interactive world map that shows the average web accessibility scores of different countries. The project gives users access to easily understandable web accessibility data that previously has not been available.
- Announced our Accessibility Toolkit, which includes an accessibility statement generator, color contrast tool, and webpage accessibility checker.
- Launched two new products: Siteimprove Ads and Siteimprove Performance. These tools give marketers control of their MarTech stack and return on investment by simplifying the complex Google Ads setup and making website performance data understandable and actionable.
- Added two new members to our Board of Directors. Brendan Thomas Bank joined as a board member in May, while Jesper Tranholm Frederiksen joined in Q2, adding to the experience and expertise of our leadership team.

Q3

- Published a report in conjunction with IDG Connect, the world's leading tech media, data, and marketing services company. The report overwhelmingly found that despite a desire by marketers to confront the obstacles of digital customer engagement, they still struggle with the basics.
- Trained 98% of our employees on the importance of digital accessibility through our Web Accessibility Fundamentals Course.

Q4

- Released three new marketing automation integrations, so marketers can deliver the best content on every page, every time. Customers can integrate Siteimprove accounts with HubSpot, Pardot, or Marketo to automatically monitor potential issues.
- Enhanced leadership capabilities with Jesper Termansen joining Siteimprove as CMO, while Kamran Jamshidi and Mogens Abel-Bache moved into the roles of CPO and CTO, respectively.
- Became one of only 12 exclusive Adobe Premier partners in the Adobe Exchange partner program. Our integration with Adobe Experience Manager enables web teams to work more efficiently when delivering high quality enterprise web solutions to users.
- Grew our total number of Siteimprove employees to 575. Our Great Place to Work® Trust Index increased by 3% to 88%. Our Great Place to Work Index also increased by 3% to 90%.

Company profile

Perfect your digital presence

Who we are

Siteimprove helps organizations cut through complexity by making it easier to prioritize work that drives value and delivers growth. Our platform empowers teams with actionable insights that eliminate guesswork and prioritize the most impactful tasks.

We bring together siloed digital disciplines in one innovative solution, which integrates seamlessly with leading technology and existing workflows. Perfect your digital presence from a single solution – Siteimprove.

At Siteimprove we empower organizations with actionable insights to cut through digital complexity and achieve growth.

We operate in a *digital reality.*

Almost every aspect of our lives takes place online. Every type of organization utilizes this digital space to serve their citizens, students, customers, and users.

We want to ensure everyone can use this digital space without limitations. We also want to empower organizations and businesses to overcome their digital limitations by reaching their full digital potential.

Our brand promises

1. **We overcome complexity |** Our solution cuts through digital complexity and prioritizes tasks that drive results
2. **We make insights actionable |** We eliminate guesswork and empower decision making
3. **We work with you |** Our innovative platform integrates with leading technology solutions while we support your digital development
4. **We power growth |** We empower organizations to meet their digital goals

Core values

Our values need to reflect who we are as a company and as people. They are what connects us all on our growth journey – across teams, departments, offices, and countries. We want our employees to feel inspired and to inspire each other, and the values act as inspiration and motivation for us all. To achieve our goals and be great colleagues, we need to bring our values to life every day. This is more important than ever as we are growing, ever-changing, and have some very ambitious goals.

To keep our values top-of-mind and encourage each other to follow and live out the values, we introduced “Cheers to Peers”, which is a value recognition initiative. The initiative provides all employees with an opportunity to send co-workers some appreciation and recognition for living up to the Siteimprove values, doing a great job, and for being great colleagues. All employees who receive a “Cheers to Peers” go up on our Wall of Fame, which can be found in our internal app and as an actual wall in our Copenhagen office.

The Siteimprove Values

Passionate to succeed	• We are ambitious, driven by achievement, and strive to exceed expectations. • We are motivated by challenges and committed to succeed as a team. • We communicate expectations with a distinct vision and set clear goals that help move the business forward. • We are determined, accountable, and act with a sense of urgency. • We recognize and celebrate success of both the company and the individual.
People-centric	• We foster an environment of mutual respect and trust. • We support an open feedback culture to learn and grow from our mistakes. • We are self-driven, confident, and feel empowered to turn challenges into solutions. • We always strive to be the best we can be and inspire each other to develop and succeed both individually and as a team. • We demonstrate transparency and communicate what we do, how we do it, and why with integrity and accountability.
Customer-focused	• We are symbiotic with our customers. Their success is ours. • We are in constant dialogue with our customers. We listen to, learn from, and act on their feedback. • We operate consistently across the globe to deliver the same rich experiences to all our customers. • We bring in our individual perspectives, experiences, and professional knowledge to create value for customers and help move the business forward.
Embracing and driving change	• We thrive on change and seize opportunities to be industry pioneers. • We are curious to venture out into unknown territory and ready to take smart risks that help the business evolve. • We are proactive and continuously challenge the status quo to improve. • We are agile, open-minded, and constantly search for new ideas that move the business ahead.

Strategic goals

Our corporate strategy

We empower organizations with actionable insights to cut through digital complexity and achieve growth. To realize this mission, we need an aligned direction for our organization and a clear map of how to get there. We have built a global corporate strategy centered around four key pillars that enable us to make clear choices that fuel our business and help us execute our goals.

Our strategic goals

1. Fostering diversity and talent

We champion global inclusion by empowering people to do more, regardless of their abilities.

We attract, nurture, and retain talent.

2019 highlights

- Debuting the Siteimprove Mentorship Program
- Launching an internal project to increase gender diversity
- Introducing a series of accessibility initiatives to support a diverse workforce
- Monitoring employee satisfaction with the Great Place to Work survey
- Developing our career framework to support professional development and establish clear career paths for all departments

Read more on p.19

2. Growing business channels

We fuel business growth via multiple channels and our partner network.

We work towards increasing our footprint in the private enterprise space.

2019 highlights

- Growing marketing as a principal business-driver
- Increasing partner-generated revenue
- Launching our Global Partner Program
- Strengthening relationships with key CMS providers
- Becoming a premier partner in the Adobe Exchange Partner Program

Read more on p. 22

3. Developing a next-level product

We build products that enable customers and partners to optimize all their digital activities, which integrate with the most commonly used tools and services.

We elevate our products to an enterprise-level solution that protects our customers' brands and increases their ROI across all digital activities.

2019 highlights

- Adding four new enterprise-level products to our portfolio: Siteimprove Ads, Siteimprove Performance, Siteimprove Analytics, and Siteimprove Integrations
- Investing in research and development
- Embracing customer-centricity by listening to, understanding, and validating ideas with them early in the development process

Read more on p. 26

4. Ensuring scalability

We efficiently scale our business through automation and standardization of our tools and processes.

We invest money earned in an ambitious yet smart way to remain a strong, independent company.

2019 highlights

- Nurturing our existing customer base with by launching Implementation Services and Success Plans
- Expanding Siteimprove Academy: 17,000+ courses completed, and 11 new learning tracks released
- Developing our community of Firstimprovers
- Increasing our Customer Satisfaction Survey NSAT score to 175
- Bolstering our brand awareness in the enterprise sector
- Strengthened learning and development with 70-20-10 program

Read more on p. 30

You can read more about our strategic goals, and how we executed them in 2019, throughout this report.

Fostering diversity and talent

Fostering diversity and talent

Great Place to Work

Every year, Siteimprove conducts a global employee satisfaction survey. Since 2015, we've partnered with Great Place to Work®, who provides an extensive survey that features a total of 59 statements. Each employee must then indicate if they agree or disagree with the statement, and to which degree.

Employees are asked to provide an answer on both work group and organizational level for each statement, which means they rate their team with their immediate manager as management, and Siteimprove as a whole with the Executive Management Team as management.

Each manager receives local results to review with their team, while global results are presented at our global staff meeting. Each team selects several focus areas to improve going forward.

Every year, we see improvements within selected focus areas, making Great Place to Work® a useful tool for making Siteimprove an even better place to work.

Career Paths

Over the past year, we have dedicated a significant amount of time to developing our career framework, focusing on establishing a transparent structure for each department. The new framework maps the potential roles and career paths that each employee can pursue. It also involves a competence model that highlights which skills each employee must develop in order to take the next career step.

The purpose of the Career Steps is to create transparency around which opportunities each employee has, and what each employee must do to advance their career with Siteimprove. Managers and employees can then use the 70-20-10 learning and education model in their discussion about how employees can develop their competencies.

Mentorship

The Siteimprove Mentorship Program, launched in 2019, is a voluntary program available for all Siteimprove employees worldwide. The purpose of the program is to foster professional relationships and provide employees with an opportunity to build connections, share knowledge, and help each other develop personally and professionally. The Mentorship Program, which matches experienced employees (mentors) with less experienced colleagues (mentees), is a one-year commitment where participants can expect to meet once every two months, or more if they wish to.

In order to guide the process, Siteimprove HR provides all mentors and mentees with an inspiration package that includes best practices for mentoring, preparation for the first meeting, and additional resources to help develop the relationship.

During the first round of inductions in the program in 2019, we saw strong commitments from a significant number of Siteimprovers. Employees can submit their application for the program twice a year – once in February and once in September.

Diversity

At Siteimprove, we are committed to universal human rights. It is Siteimprove's policy to not discriminate, which entails offering equal opportunities for all employees and candidates. Siteimprove employs more than 45 different nationalities and the company benefits hugely from the variety of backgrounds, experiences, and knowledge that our employees bring to the company. Similarly, Siteimprove benefits from the unique accessibility expertise that a number of our employees with visual impairments provide. We take great pride in being an inclusive workplace.

Diversity goals

Operating in the generally male-dominated IT industry, Siteimprove is committed to working toward increasing the share of the underrepresented gender, women, in all levels of the company. The goal is stated in our Diversity Policy, a company policy that applies to all employees, functions, and units of Siteimprove. Specifically, we have a goal of adding one woman to the Board of Directors by 2021, adding an additional woman to the Executive Management Team by the year 2021, and to have an overall gender-split of at least 40-60 (female-male) in other management levels by 2022.

2019 results

The current status is that the overall gender split is 38-62 (female-male) and for management positions it is 34-66 (female-male). While we have yet to achieve our goals, we have seen progress since 2018 where the overall split was 37-63 (female-male) and 31-69 (female-male) for management positions. The gender split on the Executive Management Team and the Board of Directors remains unchanged, because we have not found the right candidates for the tasks at hand.

In 2019, we have increased our efforts to reach our diversity goals. We instructed headhunting firms we work with for C-level hires that gender diversity is a priority and hiring managers have been told the same. Hiring managers have embraced the idea and have already contributed to increasing the number of female employees and managers across the organization.

We also launched our internal diversity project, which looks into how we can increase gender diversity within the organization. By focusing on opportunities, challenges, and barriers within talent attraction, recruitment, retainment, development, and top management, and by working with unconscious biases, the project aims to support the business in reaching its diversity goals.

Accessibility

Leading diversity efforts by example

At Siteimprove, we're committed to making the web a more inclusive place for everyone. And we believe that starts with us - with our own products. We want to develop a software solution that is usable and available to everyone.

Our VPAT (Voluntary Product Accessibility Template), which is publicly available is a large part of that process. This document provides transparency into accessibility issues and fixes within our solution.

Throughout 2019, we introduced a series of accessibility initiatives:

- Instead of dealing with accessibility issues within dedicated accessibility sprints, we're minimizing the number of accessibility issues produced in the first place. We see accessibility being an integrated component of every role.
- We are removing existing accessibility roadblocks, so all users have equal access to functionality and information.
- We are continuously developing our VPAT for more transparency. While today we can only claim that the majority of all functionality is accessible and usable, we're striving for a barrier-free platform.

See our VPAT on our homepage or by following this link: siteimprove.com/en/vpat/

Developing the next generation of web accessibility tools

Throughout 2019, Siteimprove has continued to work with global partners and leading bodies on developing the next generation of accessibility testing tools in our efforts to create a more inclusive digital landscape.

We have continued work on an accessibility conformance testing engine called Alfa, which is used for testing websites against WCAG accessibility standards.

We have also contributed to developing standardized Accessibility Conformance Testing (ACT) rules through our partnership with W3C and partners in the WAI-Tools project. ACT Rules define how to test for WCAG accessibility conformance. This creates clear and transparent rules for what is and isn't an accessibility issue.

Growing business **channels**

Partnering for success

The benefits of adding partnerships to the company strategy

Partnerships are an essential part of the way we work. Last year's go-to-market strategy included a focused effort to expand and nurture our international ecosystem of agency, alliance, and technology partners, who utilize the Siteimprove Intelligence Platform to provide their customers with better digital solutions.

In 2019, we saw an increase in interest from prospects and agencies in geographical areas where we have limited representation. And who better to help us bridge this gap than our partners? By integrating partners into how we work with our customers we experienced numerous benefits, including expanding our industry influence, increasing our geographical coverage, and helping customers realize the full potential of their relationship with Siteimprove.

"With our Siteimprove partnership, we can offer our customers even better options to enhance their digital presence. The Siteimprove Intelligence Platform is an excellent tool to create better digital experiences with the basis in data and user-driven design and strong emphasis on digital accessibility."

Klaus Jespersen Colding, *Director, Adapt*

Other software products out there are very difficult to use if you aren't a developer. Siteimprove is a smooth transition for our clients."

Michelle Teichman, *Senior Manager, Digital Content Services*

2019: The year of launch and learnings

In 2019 we developed and launched our uniform Global Partner Program to web agencies and service and technology providers. To support the program, we have released an online training program bolstered by certifications issued by Siteimprove.

The program attracted a number of well-respected new partners, which reinforced our strategic position in the market.

We also made the decision to pivot away from a landscape of many partners with few projects, to one where larger partners with multiple customers and projects dominate, enabling us to scale-up our approach, increase our number of leads and boost the business value from each partner.

Further milestones for our program included signing up our first global referral partners, promoting our solution across multiple regions and countries, and introducing our platform as a desirable option on partner service offerings.

Finally, we strengthened our relationships with several renowned Content Management System providers, positioning our solution as a strong value-add to the development and maintenance of websites and enhancing our visibility among their extended network of solution partners and customers. Key partners include EPIServer, Magnolia, Coremedia, Sitecore, and Umbraco and we also work closely with the TYPO3 community, but our most significant partnership in 2019 has been our collaboration with Adobe.

Siteimprove's partnership with Adobe

Siteimprove became one of just 12 exclusive premier partners worldwide in the Adobe Exchange Partner Program. Siteimprove's integration with Adobe Experience Manager (AEM) provides a best in class customer experience, and has helped cement our position as an enterprise-ready web solution, as well as driving visibility in the MarTech community. Our partnership with Adobe proved to be so successful that we have strengthened it for 2020, paving the way for future collaboration and co-selling with the Adobe AEM sales teams.

Besides securing valuable learnings into how best to work with partners in the MarTech industry and raising awareness of our solution with new audiences, Siteimprove's partner-driven business model continues to be profitable, and a strong contributor to our new business.

2020: The year of execution and expansion

2019 firmly established the foundations for growing Siteimprove's partner-driven business. Moving into 2020, this groundwork will enable our team to focus on the next phase of this journey: expansion and execution.

Our efforts to build and grow relations with our partners and their network of customers will continue. This includes a close collaboration with the relevant Content Management System platforms.

Secondly, our Adobe Exchange Program Premier level partnership, will drive more innovative and high-quality digital collaboration across our two companies, to the benefit of our entire ecosystem.

And finally, our valued regional and global partnerships will expand to drive more joined campaigns and go-to-market activities. This focus on expansion through partnerships will support the long-term scalable growth of Siteimprove's business.

Igniting marketing

Marketing is fundamental to the success of Siteimprove, and we see our marketing strategy as a key enabler of business growth in the years to come.

The marketing team's mission is to deliver value by generating profitable growth for Siteimprove. We believe the best way to do this is a two-pronged approach of increasing our brand awareness and creating demand for our solutions.

1. Raising awareness
Our marketing activities increase category and brand awareness and position us as the number one choice within digital presence optimization.

2. Creating demand
Generating new business is one of Siteimprove's ultimate business goals, so our marketing approach places a great deal of emphasis on spawning marketing qualified leads to fuel our sales

Throughout 2019, we focused on growing marketing as a principal business-driver, ensuring our campaigns and activities fully supported Siteimprove's corporate objectives.

2019

In 2019 our marketing department evolved to more effectively meet the needs of Siteimprove's burgeoning audience of enterprise customers and prospects.

To sustain this growth trajectory, we filled several key roles in the marketing team, with an increased emphasis on digital growth marketing, which began with bringing on board our new CMO, Jesper Termansen. We also welcomed new Directors of Product and Customer Marketing and Digital and Demand Generation.

How we are perceived in the market is also instrumental to Siteimprove's success, so over the last twelve months, we worked hard to reinforce Siteimprove's reputation both as a thought leader in accessibility, and as a recognized provider of digital marketing solutions.

We understand the basics matter too, which is why we have modernized and invested in new tools and technologies that help us successfully execute our marketing initiatives.

Combined, this approach resulted in higher value leads and a higher average deal size.

2020

In a world where the digital marketing landscape is increasingly fragmented, the market ever more saturated, and customer expectations higher, continuous improvement and innovation is necessary to achieve our ideal marketing model - one in which marketing attributed revenue increases year on year.

Building a more robust inbound lead generation machine to fuel sales will be key pillar of our marketing strategy, which will help us increase and establish our brand awareness in both our traditional markets and further into enterprise territory.

And that is not all. 2020 will see more exciting new developments on the Siteimprove marketing journey. Throughout this journey, one constant will remain: our customer bases – both existing and new - will stay at the heart of everything we do, and we will deepen our focus on supporting their digital development through the full breadth of the Siteimprove solution.

Developing a **next-level** product

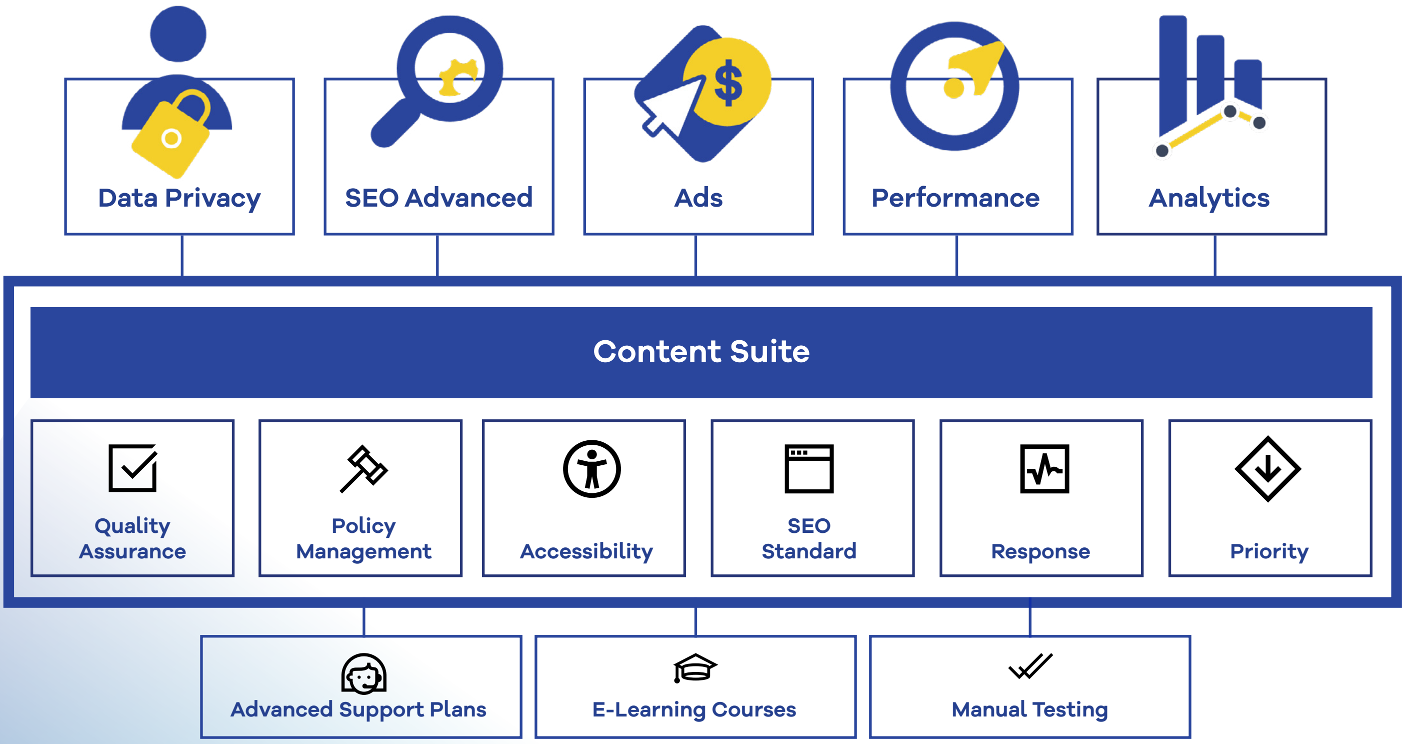
Product offering

In today's digital era, marketers face more challenges than ever before. Whether it's producing engaging content, driving growth, increasing efficiency, or measuring ROI of marketing initiatives, the requirements keep growing.

Named a market leader for digital governance, digital analytics, and search engine optimization, Siteimprove provides automated insights that help identify optimization opportunities, safeguard brand reputation, increase search engine visibility, and boost overall website performance.

Within an ever-growing marketing technology landscape, it is imperative for Siteimprove to invest continuously in research and innovation to keep a finger on the pulse of digital trends and continue building in-demand products and value-adding services. Without our investment in research and development, our authoritative influence and position in the marketplace is at risk and could adversely affect revenue and operating results.

Achieving sustainable success in such a competitive space requires the ability to position ourselves as a thought leader – one that delivers innovative, relevant, and useful products, services, features, and technologies that our customers can use effectively. As the technological landscape continues to mature, we believe proactively engaging customers and partners early in the development process is the foundation to forming long-lasting relationships and delivering world-class products and services.



The Voice of the Customer: How customer-centricity drives product development and innovation at Siteimprove

Capturing the voice of the customer is a crucial success factor for every organization trying to understand customer needs and expectations. A focus on customer-centric product development enables us to:

- Spot evolving market trends and behavioral changes at an early stage
- Identify key value drivers our customers value and desire
- Test and evaluate new ideas, concepts, and solutions
- Enhance and customize existing products, features, and services to meet customer needs
- Increase customer retention through long-lasting relationships and active co-creation

At Siteimprove we connect to our users along every touchpoint of the customer journey using a variety of sources to engage customers and collect input, including:

Usability testing: Third-party tools and technology are sometimes used to assist with usability testing. This involves observing how users interact with a product to learn about user behavior, identify pain points, and find ways to improve.

Firstimprover program: A selected group of Siteimprove customers and partners who sign up for early access to work in progress features in the platform in return for sharing their thoughts and feedback with us.

Online communities: Both internal and external online forums are utilized to give customers and partners a direct line to our product teams.

User/focus groups: Besides targeted focus groups for specific research purposes, Siteimprove hosts regular user events aimed at a variety of customers across regions and industries.

Interviews/surveys: Used to understand customers' point-of-view regarding product issues, performance measures, and service satisfaction (i.e. Net Promoter Score). Usually conducted in person, on the phone, or through third-party survey tools online.

Our product and marketing teams also monitor social media and customer review platforms for relevant feedback that can support us on our mission to stay ahead of the curve and provide best-in-class solutions.

Product release spotlight 2019

We continuously strive to build solutions that help digital teams get the most out of their digital strategy. The most important additions to our portfolio in 2019 included:

Siteimprove Performance

Ensure all visitors have a fast website experience

If you want to provide a great user experience and rank high in search engines, then your site has to be fast. But improving site speed can be overwhelming and overly technical, often requiring different teams with different skillsets to work together. Siteimprove Performance simplifies things by visualizing how visitors from around the world experience a website. It then identifies the most severe bottlenecks and provides practical recommendations to fix issues that impact a visitor's website experience.

Siteimprove Integrations

Aligning the tech stack for greater efficiency

We continued to work towards our mission to make our customers' lives easier by seamlessly integrating with other leading MarTech solutions. As an Adobe Premier Partner we enable marketers to elevate their workflows with pre-publish checks that identify errors before they are published with the Adobe Experience Manager. In addition to multiple new CMS plugins, we also launched a series of marketing automation integrations that connect Marketo, HubSpot, and Pardot pages to our powerful platform, empowering marketers to deliver the best content on every page, every time.

Siteimprove Ads

A smarter way to optimize paid search

The move into the pay-per-click was a natural next step for us, according to Product Director Kristian Humle, "Research shows 61% of Google Ads is spent on keywords that never convert, which indicates that despite many companies offering highly advanced theoretical software, there is a desperate need for a solution that simplifies the process of optimization." That's exactly why we developed Siteimprove Ads, which automatically audits Google Ads campaigns for improvements in ads, landing pages, and budgets so customers can focus on the big picture instead of day-to-day tweaks.

Siteimprove Analytics

A new way to manage and measure campaign success

Campaigns, one of the latest additions to our Analytics product, allows customers to plan, monitor, and analyze their marketing initiatives from start to finish, all in one place. Siteimprove users can build multiple UTM links simultaneously to keep naming conventions consistent and prevent common mistakes that undermine data quality. The feature enables marketers to track and compare campaign performance so they can make smarter decisions on where to focus their resources in the future.

Ensuring **scalability**

Enterprise readiness

A core pillar of the Siteimprove growth strategy is ensuring scalability. In 2019, working toward scalability meant becoming more enterprise-ready; increasing Siteimprove brand awareness in the enterprise space and acquiring more high-value, private sector customers. A successful example of this approach is Siteimprove's relationship with BT.

1. About BT

Siteimprove customer BT is a British multinational communication services company, operating in around 180 countries globally. It provides IT and fixed-line services, as well as broadband, mobile and TV products.

2. The challenge

More than one million customers interact with BT Enterprise's sprawling digital estate of one hundred platforms and apps. For a business of this scale, the main challenge revolves around delivering a consistent, quality user experience to its customers.

BT Enterprise needed to bring clarity to a complex delivery framework and demonstrate ongoing efforts to identify and resolve its content issues.

3. Our solution

BT Enterprise tackled this problem by introducing a "Digital Quality First" program to instil quality into every customer interaction and engagement.

Collaborating with key BT stakeholders, Siteimprove created a digital governance framework and process workflow to drive BT Enterprise's quality agenda.

We outlined a consistent process for its digital team to follow and provided clarity on what the business needs to focus on to deliver a consistently great customer experience.

BT Enterprise's team utilizes insights from the Siteimprove Intelligence Platform daily, from ensuring that quick wins are highlighted and fixed, to reviewing recommendations on how to address complex, long-term content issues.

Using Siteimprove, the customer has made significant progress in fixing its quality issues, upping its quality score by 30 percentage points and experiencing a direct influence on the NPS it uses for its own customers.

Nurturing our existing customer base

Siteimprove is a customer-centric organization that constantly strives to improve the way we do business. But as we increase our footprint into the enterprise space, the business problems we help customers solve become more complex and mission-critical in driving top line revenue.

In 2019, we made significant changes to how we interact with our customers to address this transition, starting with rolling out new customer services, plans and education.

Introducing Implementation Services and Success Plans

Implementation Services

Implementation Services will play a fundamental role in helping our customers get their Siteimprove subscription up and running. This new service will be delivered by a team that will include a Strategic Engagement Manager, Implementation Analyst, Customer Success Manager, and product experts.

This team will also assist our customers with the vast amount of internal change management that comes with introducing Siteimprove to their organizations, and ensure they're getting value from their subscription from day one.

Success Plans

We introduced Success Plans to set our customers up for success, no matter where they are on their digital journey. Customers who are still in the early stages of digital maturity need us to guide them through the myriad changes their organization must make to achieve their goals.

NSAT Score

2018: ***169***
2019: ***175***

Success plans are a multi-faceted approach to ensure the customers have all the available resources to be successful. These resources include access to Customer Success Managers, Product Experts and seats to our Siteimprove Academy.

Siteimprove Academy

Education is important to our customers and with more than 7,500 of them, we needed a solution that could scale-up. The Siteimprove Academy is our answer to providing interactive online education and training at scale.

The Academy consists of 33 learning tracks that cover must-know MarTech topics including accessibility, SEO, and digital governance.

Siteimprove Academy by Numbers in 2019:

- 17,000+ courses completed
- 11 new courses release

Recognition of our expertise in this area is growing and a particular highlight of 2019 was the Siteimprove Academy being approved by the International Association of Accessibility Professionals (IAAP) as Continuing Accessibility Education Credits. This allows Accessibility Professionals to keep up their certifications using the Siteimprove Academy.

Firstimprover Program

We are always keen to listen to our community's thoughts, so we regularly invite Siteimprove customers and partners to help us shape the Siteimprove platform.

In 2019, we grew our community of Firstimprovers, and received valuable first-hand information about our platform. By joining the Firstimprover program, our partners and customers get early access to in-development platform features in return for their candid feedback.

NSAT Score

We consistently deliver a professional and efficient support experience to our customers, which is reflected in our Customer Satisfaction Survey NSAT score of 175, an increase from 169 in 2018. The score ranges from 0-200, so 175 is an excellent score.

Maintaining and increasing our NSAT score is one of our KPIs and so we continuously investigate how to improve the customer experience. In 2019, this included eliminating barriers to getting in touch, launching additional customer communication channels, for example, Live Chat, and gleaning more information up front with our New Ticket Form. These measures help us to resolve customer questions faster and more efficiently.

2019 was a year of change for how we nurture our customers base, and we will continue to place our customers' unique needs and challenges at the forefront in 2020.

Learning & education

Siteimprove's rapid growth offers plenty of opportunities for our employees to develop professionally and grow with the company. We recognize that Siteimprove has a responsibility towards our employees to ensure they continue to develop and are equipped with the skills that they need as Siteimprove grows.

The learning and development program at Siteimprove is a 70-20-10 split between on-the-job learning, learning from others, and formal learning such as education and courses.

The 70% on-the-job learning materializes through daily tasks and challenges, hands-on experience, and feedback from managers. This is an ongoing learning process that's naturally enabled by Siteimprove through the complex tasks that our employees work on, as well as through feedback in regular one-to-ones between managers and employees and our open-door policy.

The 20% learning from others also happens naturally through collaboration within teams and across units. We also have more formal activities in place to facilitate learning from others, such as the Mentorship Program. Many employees will also visit other offices, which presents the opportunity to work with and learn from international colleagues.

Formal learning includes training activities provided internally, as well as external activities. We are always open to employee suggestions for areas they would like to improve in. That includes taking courses, participating in conferences, and receiving coaching sessions. In early 2019, we decided to create some more transparency around the 10% formal learning, so we wrote a guide and sent it out to all employees, after which we saw a surge in applications.

In the year to come, we will further strengthen our focus on learning and education. We have recently welcomed a Learning & Education team, who will introduce and execute training for our employees, and the HR team will continue to provide professional development opportunities.

Corporate social responsibility

Corporate social responsibility

Sustainability and corporate social responsibility

Since 2010 Siteimprove has remained a proud member of the United Nations Global Compact initiative, which sets standard and universally accepted principles within human rights, labor rights, environment, and anti-corruption. We continue to follow the requirements of the Global Compact and its 10 principles, which includes reporting our progress in our CSR report each year.

In 2018, we took our commitment to sustainability a step further as we started focusing on the Sustainable Development Goals (SDGs), the 17 global goals that are part of United Nations' ambitious 2030 agenda. The overall objective of the SDGs is to leave no one behind and ensure a better and more sustainable future for all. Siteimprove is a strong supporter of the SDGs, and we encourage others to take part and join us on the path toward a sustainable future.

We believe Siteimprove is uniquely positioned to contribute to the SDGs within digital human rights. Our primary focus is on three specific goals where we can make the biggest impact. The three goals also align with our core business and areas of expertise, and we view them as great shared value opportunities.

Our business model

Key resources

· Knowledge
· People
· Intellectual property
· Technology
· Financial capital

Product workflow

Collaborate
Resolve issues and errors and align digital performance with strategic objectives

Assess
Scan website and analyze, audit, and report data

Prioritize
Decide on the issues and opportunities you tackle first based on scoring system

Track
Resolve issues and errors and align digital performance with strategic objectives

Improve
Resolve issues and errors and align digital performance with strategic objectives

Products

· Quality Assurance
· Accessibility
· Data Privacy
· Analytics
· SEO
· E-Learning courses
· Manual testing
· Support

Channels

· Sales force
· Partner sales

Customer engagement

· Customer onboarding
· Ongoing training and education
· Customer Support – usage and technical
· Online Community
· Customer satisfaction and product technical

Value proposition

With Siteimprove, you turn complex website challenges into manageable tasks.

Siteimprove transforms the way organizations manage and deliver their digital presence.

Social and environmental risk

Potential negative impact

Goal 13: Climate impact

There's a risk of negative climate impact from Siteimprove's extensive processing of large amounts of data. We mitigate this risk by using a data center that is powered by renewable energy sources.

Social and environmental benefit

Focused positive impact

Goal 4: Quality education

Siteimprove provides inclusive and equitable quality education through our accessibility software and by educating our stakeholders about accessibility and inclusion.

Goal 10: Reduced inequalities

Siteimprove promotes and contributes to the social, economic, and political inclusion of everyone through our software solutions and public advocacy for accessibility and inclusion, and by sharing our knowledge and expertise.

Goal 17: Partnerships for the goals

Siteimprove encourages and participates in effective public, public-private, and civil society partnerships in order to put accessibility on the global agenda and extend our reach so that we can have a positive impact on even more people around the world.

Potential direct or indirect benefit

Siteimprove's SDGs	Goal 4: Quality Education	Goal 10: Reduced Inequalities	Goal 17: Partnerships for the Goals
Siteimprove's Focus	• Ensuring inclusive and equitable quality education through our accessibility software and by educating our stakeholders about accessibility and inclusion.	• Promoting and contributing to the social, economic, and political inclusion of everyone, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic, or other status through our software solutions and public advocacy for accessibility and inclusion, and by sharing our knowledge and expertise.	• Encouraging and promoting effective public, public-private, and civil society partnerships in order to put accessibility on the global agenda and extend our reach so that we can have a positive impact on even more people around the world.
Main Contribution	• The Siteimprove Academy has a long list of accessibility courses, both practical and theoretical. The Academy hosts courses for customers, partners, and employees. • Siteimprove continuously educates its customers, partners, employees, and others through training, events, blog posts, social media campaigns, and webinars.	• Siteimprove's Accessibility and Performance products, the free toolkit on the Accessibility World Map website, and the Siteimprove Accessibility Checker for Google Chrome enable organizations to eliminate barriers to usage on their websites. • Siteimprove creates awareness and provides education about accessibility and inclusion by sharing our resources and knowledge.	• Siteimprove focuses on public and private partnerships through which we can leverage our expertise and solutions within accessibility.
2019 Highlights	• Siteimprove's portfolio includes more than 700 educational institutions that are using our software to make their information and services more accessible. • We rolled out mandatory accessibility training internally, which has since become an integral part of onboarding new employees. • We now offer a total of 71 free blog posts about accessibility, plus numerous white papers, webinars, and other content. • We offer 19 accessibility courses in the Siteimprove Academy. They were completed 14,174 times in 2019.	• We launched Accessibility Worldmap, which had more than 4,000 visitors in 2019. • Our free Accessibility Checker for Google Chrome increased its number of users by 29% compared to 2018. • We introduced our Accessibility Pledge and our Supplier Code of Conduct which explicitly require Siteimprove suppliers to be accessible. • We launched Siteimprove Performance, a product that helps organizations remove barriers that make their websites unavailable for certain devices, locations, and internet connections.	• In 2019, we co-authored 10 rules as part of the WAI-Tools project, which is due to be completed in November 2020. • We once again teamed up with the European Disability Forum (EDF) to participate in the Conference of State Parties to the Convention on the Rights of People with Disabilities. • We co-funded W3C's Diversity Fund. • Partnering up with the EDF and the Danish Institute for Human Rights, we published reports on the accessibility of European parliaments and Danish political party websites.

You will find more details about our work with the Sustainable Development Goals and our CSR policies, activities, and procedures in Siteimprove's latest CSR report on our website.

Human rights

Policies

Siteimprove follows principles 1 and 2 of the Global Compact regarding human rights:

1. The company should support and respect the protection of internationally declared human rights
2. Ensure that the company does not contribute to the violation of human rights

Siteimprove's commitment to human rights is also stated in our Code of Conduct. The section "Contributing to the Global Community" contains two clauses, which all Siteimprove employees must respect and adhere to:

- We Oppose Exploitive, Inhumane Labor Practices
- We Are Committed to Universal Human Rights

As stated in Siteimprove's Supplier Code of Conduct, Siteimprove Suppliers must support and respect the protection of internationally declared human rights. Moreover, Siteimprove Suppliers shall ensure that they do not contribute to the violation of human rights.

Activities

Siteimprove's business model poses little risk to universal human rights. The area where we see a potential risk of violating human rights is in our choice of providers and suppliers. To mitigate this risk, Siteimprove seeks to work with business partners that promote and follow set standards within human rights, including offering equal rights, providing safe and healthy work conditions, respecting lawful freedoms, and paying a respectable wage. These standards are explained in detail in Siteimprove's Supplier Code of Conduct.

Siteimprove's contribution to human rights is focused on improving digital accessibility. Our goal is to enable everyone, regardless of disabilities and impairments, to access the internet on equal terms. We work toward this goal by increasing awareness for digital inclusion and educating other organizations about how they can become digitally accessible, while also providing the tools needed to achieve it.

In 2019, Siteimprove ran a wide range of activities to create awareness and provide quality education about digital accessibility and inclusion. We launched the Accessibility World Map, an interactive website where users can find out how accessible the websites of different countries are based on Siteimprove's Digital Certainty Index™ score. The website hosts a free toolkit that help organizations become more accessible and compliant. The toolkit includes new, free Siteimprove tools such as the Accessibility Statement Generator, Color-Contrast Checker, and Real-time Accessibility Page Checker.

The world map saw the light of day at our launch event in Copenhagen in the days leading up to Global Accessibility Awareness Day (GAAD) 2019, continuing our tradition of marking and celebrating the day together with the international accessibility community. Hosting and participating in events continues to be one of our main ways of educating about digital accessibility. Highlights from the 2019 event season included our major Web Accessibility Live events in Amsterdam and Toronto, our Accessibility 2020 event in London, the CSUN Assistive Technology Conference in California, the Conference of States Parties to the Convention on the Rights of Persons with Disabilities at the

United Nations in New York, and our debut at Denmark's Democratic Festival, Folkemødet, on the Danish island of Bornholm.

Internally, Siteimprove also made great strides. On top of all the training we offer our customers, for instance through the Siteimprove Academy, we introduced mandatory accessibility training for our employees, which now has become an integral part of our onboarding experience for new employees. In March 2019, we presented the company's new accessibility pledge, which is intended to guide employees, and re-enforce for everyone how important accessibility is to the company. Now, all Siteimprovers are even better equipped to be accessibility ambassadors.

Siteimprove is deeply committed to partnering with both private and public entities in our efforts to reduce inequalities on the web. In 2019, we partnered up with the European Disability Forum to deliver an accessibility report on the different parliament websites across Europe, and we collaborated with the Danish Institute for Human Rights to report on the accessibility levels of the political parties in Denmark. Siteimprove continues to be a central partner in the WAI-Tools project, which is part of the European Commission's Horizon 2020 Program.

At Siteimprove we believe people have the right to privacy online and that your data is yours. With our Data Privacy solution we empower our customers to find and remove personal data across their website and in turn help them adopt better data privacy practices. In 2019, we became even better equipped at handling personal data when all Siteimprove employees successfully completed a GDPR training course, thus obtaining a GDPR certification. The course equipped our employees with the necessary knowledge about what personal data is, how to safeguard it, and how to be GDPR compliant.

Results

- We launched www.accessibilityworldmap.org along with three free tools: Accessibility Statement Generator, Color-Contrast Checker, and Real-time Accessibility Page Checker.
- The number of users of our free Google Chrome Accessibility Checker increased to 58,000 in 2019, a 29% increase compared to the year before.
- 7,000 organizations are using the Siteimprove Accessibility product to improve their digital accessibility.
- 96% of our revenue comes from customers with our Accessibility product as part of their Siteimprove suite.
- Siteimprove customers and partners completed 14,174 accessibility courses in the Siteimprove Academy in 2019.
- 98% of all Siteimprovers completed our Web Accessibility Fundamentals course.
- We co-authored 10 accessibility rules as part of the WAI-Tools project.
- We co-funded the W3C's Diversity Fund.
- 317 organizations now use Siteimprove's Data Privacy solution to safeguard personal data on their websites.

Labor rights

Policies

Siteimprove follows principles 3, 4, 5, and 6 of the Global Compact regarding labor rights:

3. Support the right to unionize and effectively recognize the right of collective bargaining
4. Support the eradication of all forms of forced labor
5. Support the effective eradication of all forms of child labor
6. Eradicate discrimination in respect to employment and occupation

Siteimprove's commitment to proper labor practices and being socially responsible is also described in the section "Working Together" of our Code of Conduct. The company and all employees are committed to the following clauses:

- Open and Honest Communication
- People Are Our Greatest Resource

Siteimprove's Supplier Code of Conduct requires Siteimprove Suppliers to have proper working conditions, to ensure that no forced labor or child labor is used in their own operations or by their partners and suppliers, and to commit to complying with all local laws and regulations.

As Siteimprove strives to create and maintain a safe, mutually respectful working environment, free of all forms of harassment, we have a zero-tolerance policy toward harassment. It is considered a collective problem and responsibility to intervene, should it take place. A safe and respectful working environment contributes to employee retention and is a precondition for productive and happy employees.

Siteimprove's Whistleblower Policy enables employees, and other stakeholders, to make good faith reports pertaining to serious violations such as suspected fraud, unethical business practices, bribery, corruption, or other improper or unlawful activity, or serious health and safety concerns within Siteimprove.

Siteimprove is an Equal Opportunity Employer. We preach inclusion externally in our efforts to make the web better for all, and we find it only natural not to discriminate in our hiring process or in the way we treat employees. We are very focused on fostering a workplace culture where everyone is included and treated fairly and equally, and we take pride in being a workplace for people of all abilities. We encourage minorities, women, the disabled, and veterans to apply for our jobs worldwide.

Activities

At Siteimprove, our employees are our greatest resource. Without them, there would be no innovative top-of-the-line software, no happy customers, no Siteimprove. That means one of the biggest risks for Siteimprove is dissatisfied employees and not doing our due diligence in regard to employee health, safety, and well-being. This risk is mitigated through a variety of activities and procedures that are in line with the policies stated above. Specifically, to monitor the well-being and satisfaction of employees, Siteimprove runs annual employee satisfaction surveys. The results are shared with the Executive Management Team, and each manager receives the results for their team, while the global results are shared with the whole organization.

To ensure that we maintain a safe and healthy work environment for all employees, Siteimprove has a work environment organization in place, which consists of employee representatives elected by their colleagues. The organization arranges, among other things, first aid courses for employees.

While our employees are our greatest asset, they are also great inclusion ambassadors.

At Siteimprove, we have a lot of passionate people who want to engage with the community and promote inclusion. To facilitate employee involvement, we have formalized processes in place for employees wanting to volunteer. Siteimprove grants each employee one working day that they can spend on volunteering.

Siteimprove does not use child or any form of forced labor. In the 15 countries in which we have employees, we adhere to all local labor laws.

In addition to prohibiting discrimination in our hiring and internal processes, we also actively promote inclusion and the right to be yourself in the workplace. We ran or supported several diversity initiatives in 2019, including our celebration of LGBTQ Pride and Global Accessibility Awareness Day, and our support of the HackYourFuture, RailsGirls, and Women in Tech events. Naturally, we didn't think twice about extending our partnership with Women in Tech into 2020 to continue our work together to get more women into tech careers.

If our employees become aware of any violations of our Code of Conduct, including harassment, discrimination, or unsafe or unhealthy working conditions, they must reach out to their manager, HR, the Legal Department, or higher levels of management. They now also have the option, to make an anonymous report through the process outlined in our Whistleblower Policy.

Results

- The Great Place to Work® survey was rolled out to all Siteimprove locations worldwide.
- In 2019, our overall results in our annual satisfaction survey from Great Place to Work® improved by 3% compared to 2018.
- Siteimprove was included in Great Place to Work's Top Mid-size Companies and Top IT Companies in Denmark.
- We implemented our global Whistleblower Policy.
- Our employees donated more than 556 hours to charitable causes through Give Back Days.

Environment

Policies

Siteimprove follows principles 7, 8, and 9 of the Global Compact in regard to the environment:

7. The company should support a precautionary approach to environmental challenges.
8. Take initiatives to promote increased environmental responsibilities.
9. Encourage the development and dispersion of environmentally friendly technologies.

In addition to the Global Compact, Siteimprove has established an Environmental Policy that applies to all Siteimprove offices and defines the overall environmental work within the company. The policy contains three overall tenets:

- We exercise caution in relation to environmental challenges.
- We take steps to promote environmental responsibility.
- We support the development and growth of environmentally friendly initiatives.

Our Supplier Code of Conduct requires all Siteimprove Suppliers to strive to comply with all applicable laws and regulations relating to the impact of their business on the environment. Compliance with environmental law includes international or applicable local laws affecting the source of materials and processes used to manufacture products. Siteimprove Suppliers should minimize their own environmental impact and continuously work to limit their environmental impact.

Activities

The biggest risk that Siteimprove's business model poses to the environment is the negative climate impact that our energy usage can cause. As we process large amounts of data for our customers, we rely on data centers, which consume a lot of energy. Siteimprove has high demands for our data centers, specifically related to security and environmental impact. We have chosen to use Interxion, a data center that has received multiple environmental awards and supports energy from sustainable sources. We are proud to report that 100% of the power consumed by Interxion's data center in Denmark, which is the one Siteimprove uses, comes from sustainable sources.

While Interxion is our main data center, Siteimprove also relies on Amazon Web Services (AWS) to process data in the United States. AWS is committed to using 100% renewable energy in the future. AWS reported in 2018 that 50% of their energy consumption came from renewable sources, while in 2019 they announced that they will build three new wind energy farms to get closer to their goal of using 100% renewable energy.

We have also done our due diligence in terms of our hardware provider. We receive all our hardware equipment globally from Atea, who hold an ISO 14001 certification and screen their manufacturing suppliers using specific environmental criteria.

Results

- The energy used by our main data center, Interxion, came from 100% sustainable sources.

Anti-corruption

Policies

Siteimprove follows principle 10 of the Global Compact in regard to anti-corruption:

10. Businesses should work against all forms of corruption, including extortion and bribery.

Siteimprove's Code of Conduct includes the section "Building Business Relationships" that states: "Honest dealing with customers and suppliers is essential to Siteimprove's relationships. Giving or receiving any kickbacks, bribes, or similar payments of any sort is prohibited." The company and all employees are committed to the following clause:

- We do not give or accept inappropriate gifts.

Employees must contact the Legal Department or Human Resources if they witness any breaches or suspect any violations of the company-wide Code of Conduct/ They can also, make an anonymous report through the process outlined in our Whistleblower Policy.

Siteimprove expects all Siteimprove Suppliers to conduct business according to the highest ethical standards of conduct and in compliance with all applicable laws and regulations, as stated in our Supplier Code of Conduct.

All Siteimprove Suppliers are also expected to conduct business according to the highest ethical standards and comply with all applicable laws and regulations. Suppliers must not offer, promise, give, accept, or solicit any bribe, gift, loan, fee, or other advantage to any government official or employee, any customer, any Siteimprove employee, or any other person to obtain any business or improperly influence any action or decision.

Activities

While Siteimprove operates in a low-risk market and solely in countries perceived as "less corrupt" by Transparency International's Corruption Perceptions Index, we are doing our due diligence to prevent any form of bribery with our Code of Conduct.

The Code of Conduct informs employees that they cannot keep gifts from customers, providers, vendors, or partners, and they are not allowed to offer anything of value to government employees without explicit approval from the Legal Department. The consequence of violating the Code of Conduct can be a warning or termination.

Results

- Siteimprove had no cases or allegations related to bribery or corruption in 2019.
- We implemented our Supplier Code of Conduct demanding that all Siteimprove Suppliers conduct business according to the highest ethical standards.

Risk management

Risk management

Siteimprove understands the importance of continuously protecting business assets— not only our own, but also those that our customers entrust us with. As a result, Siteimprove constantly assesses and mitigates risks that can threaten those business assets.

Effective risk management requires a strong and sustained commitment by management to manage risk on all levels of the organization. Siteimprove has established a Risk Governance Committee with relevant stakeholders in senior management to provide better risk management oversight.

The Siteimprove risk management framework is reviewed and updated on an annual basis to maintain effectiveness and appropriateness. The process is iterative, so risk can be identified, managed, resolved, and reported. The process is formally conducted on a bi-annual basis; however, risk management is an ongoing process that involves business activities at all levels of the organization.

While Siteimprove is proud of its risk identification and mitigation efforts in 2019, we will remain vigilant and expand our efforts throughout 2020.

Strengthened information security (InfoSec)

Siteimprove's InfoSec team continued their work performing internal security audits by checking business applications, processes, and branch offices. The aim is to have an annual recurring process that will 1) highlight and address high priority issues 2) highlight areas for security-related business improvements, 3) detect and log all InfoSec relevant activities for reporting and strategy purposes as a business aid for external audits and general business improvements and 4) prepare for external IT audits.

The InfoSec team is increasingly involved with Siteimprove's development teams, including regular participation in the Architecture Forum and Operational Status meeting. This has improved communication of InfoSec relevant issues to key stakeholders in development, as well as further increased the amount of input for risk assessments.

Key performance indicators and strategy for the InfoSec team have been aligned to better understand workload and characterize the business role that InfoSec has at Siteimprove. As part of this process, InfoSec has been anchored with Siteimprove's CTO and set up to work even closer with Legal and IT Operations. This has improved the agility of InfoSec and improved reporting channels to upper management.

Risk management and business continuity

In 2019, we completed surveys and risk assessments across all departments in order to quantify the risks as perceived by employees and managers in different departments. The input from these departments was added to the risk registry and subsequently a risk assessment and mitigation plan for each risk was conducted by the assigned risk management team.

This risk management approach has made it possible for the Risk Governance Committee to better understand business risks in each department and allowed management to get insights into daily operational risks through the biannual risk reports.

All risks will be reviewed on an ongoing basis for increased or decreased threat levels and to assess whether or not the mitigation plan has been effective. In 2020, the risk audits for each department will be repeated in order to register new risks and serve as a follow up on the existing risk assessments and the effectiveness of the risk management framework.

To ensure that we strengthen the company's resilience and ability to carry out daily business operations despite potential negative effects from external events, senior management and other key personnel were tested in Siteimprove's business continuity plan in 2019.

Increased protection and privacy for processing personal data

As a modern IT company, Siteimprove processes a lot of data, including personal data, in our daily operations. We also provide services that are capable of processing personal data on our customers' websites. Because of this, we ensure data privacy is a top priority (with the General Data Protection Regulation or "GDPR" remaining as the primary focus); one that all departments must be aware of and consider in all their business activities.

In 2019, privacy legislation evolved with new case law, statements from supervisory authorities, and new laws like the California Consumer Privacy Act. Siteimprove remained on top of this evolvement and continuously increased our data privacy compliance efforts through several new measures, as well as strengthened existing policies and procedures for processing personal data.

One of the key measures in 2019 was to update our Privacy Framework to ensure that Siteimprove has an adequate governance framework in place to comply with its data protection obligations under the GDPR, local implementation rules, and other applicable laws and regulations. The Privacy Framework requires the establishment of a risk treatment plan to determine how personal data processing risk is to be controlled, mitigated, or eliminated through safeguarding requirements and controls.

The updated Privacy Framework prompted us to conduct internal audits on all the departments at Siteimprove to gather increased insights into which of the departments' activities involved processing of personal data and to which extent this processing was conducted in compliance with applicable data privacy legislation and our policies. To document our high level of data privacy compliance, we successfully completed our recertification for the ISAE3000. Both the internal and external audits are to be periodically conducted in 2020 to verify that Siteimprove's personal data processing meets data protection and privacy safeguarding requirements.

To further ensure data privacy compliance throughout Siteimprove's ecosystem, we have strengthened our scrutiny of third party sub-processors by ensuring that data privacy is an integral part of our vendor management process and that the relevant vendors are able to comply with applicable data privacy legislation and our information security standards.

Bolstered internal financial and legal controls

In 2019, Siteimprove expanded the scope of our formal Delegation of Authority (DoA) (which creates authority for different roles within Siteimprove that have the power to creating binding sales contracts, vendor purchases, and other expenditures) to better reflect the organizational changes and new business strategies. In addition to updating our internal control parameters, we also took steps towards automating the control measures into our contract system in order to reduce our dependency on human oversight and manual processing.

The new sales system will also be able to facilitate our increased focus on privacy by design and ensure that personal data from former customers will be automatically deleted as part of an automated off-boarding process that will be integrated with all our customer serving systems that store personal data.

Financial review

Financial review

Income statement

2019 marked another year with double-digit revenue growth for Siteimprove. Furthermore, in 2019 the EBITDA margin turned positive with 6.8% (2.7% adjusted for impact of IFRS 16) as a result of the underlying profitability of the business.

Revenue totaled USD 73.1 million in 2019 compared to USD 61.4 million in 2018, which is an increase of 19.2%. Revenue increased across all reported markets, with North America continuing to be the most noteworthy driver of growth measured in absolute numbers.

Revenue growth was realized through multiple sources. Both in terms of adding new customers, but also supplementary sales to existing customers, working closely with prominent partners and maintaining the existing customer base fueled by best-in-class customer experience.

Following a continuous and extensive investment in research & development activities, resulting in additional products and enhanced features to the Siteimprove Intelligence Platform, meant a more than 18% increase in the average customer contract value measured year over year.

Gross profit totaled USD 61.4 million in 2019 compared to USD 51.5 million in 2018, an increase of USD 9.9 million. Despite significant investments in support functions, gross margin of 83.9% remained stable compared to 2018 as a result of further efficiency initiatives on internal processes.

EBITDA totaled USD 5.0 million corresponding to an EBITDA margin of 6.8% (2.7% adjusted for impact of IFRS 16) in 2019, compared to an EBITDA of negative USD 4.2 million corresponding to an EBITDA margin of negative 6.9% in 2018.

The positive impact on EBITDA margin was driven by significant revenue growth, and realization of scale benefits as a result of improved internal processes and systems impacting all most all cost lines. Furthermore, 2019 saw a refocus in sales and marketing spending.

Net financial items equal a cost of USD 1.7 million in 2019, compared to cost of USD 1.1 million in 2018. The change was primarily due to interest costs from borrowings and currency losses due to local currency fluctuations.

Net profit/loss equals a loss of USD 6.6 million in 2019 compared to a loss of USD 11.8 million in 2018. Expectations for 2019, as stated in the 2018 annual report, was a net profit in line with 2018. Due to the above-mentioned circumstances, the net profit/loss in 2019 significantly improved compared to 2018.

Balance sheet

The **balance sheet** totaled USD 56.8 million as of December 31, 2019 compared to USD 42.5 million as of December 31, 2018. The increase of USD 14.3 million was primarily due to continued capitalization of development costs and an increase in contract assets and trade receivables following increased revenue. Additionally, the increase in total balance sheet as of December 31, 2019 was impacted by USD 7.0 million following the implementation of IFRS 16.

Total equity as of December 31, 2019 totaled negative USD 22.8 million, compared to negative USD 17.1 million as of December 31, 2018, as a result of the year's loss offset by a positive impact from currency fluctuations from other comprehensive income.

Net interest-bearing debt was negative USD 8.8 million as of December 31, 2019 compared to negative USD 5.8 million as of December 31, 2018. Net interest-bearing debt increased primarily due to further and smarter growth investments across all functions, as well as a negative impact from working capital.

USD million	**2019**	**2018**	**2017**
Cash and cash equivalents	4.1	3.3	4.3
Interest-bearing borrowings	(12.9)	(9.1)	0.0
NIBD (Net Interest-Bearing Debt)	**(8.8)**	**(5.8)**	**4.3**

Cash flow

Cash flow from operating activities in 2019 was USD 10.8 million compared to USD 1.9 million in 2018. The development in cash flow from operating activities was driven by improved net loss as well as a positive impact from non-cash items and working capital; however partly offset by increased financial costs.

Cash flow from investing activities totaled USD 11.3 million in 2019 compared to USD 12.0 million in 2018. Providing the best-in-class intelligence platform for digital presence optimization requires a continuous development of the existing platform as well the launch of new products such as Siteimprove Performance and Siteimprove Ads. As a result, a total of USD 3.8 million was capitalized as development projects in 2019 compared to USD 3.9 million in 2018.

Investments in contract assets of USD 7.1 million in 2019 is in line with 2018 as a result of added subscriptions for new customers and supplementary sales to existing customers.

In 2019 investments were also made in IT hardware to further accommodate the storage and data processing demand of an ever-expanding customer base.

Cash flow from financing activities in 2019 was USD 1.3 million compared to USD 9.1 million in 2018, as a result of increased borrowings, offset by reduction of leasing debt following IFRS 16.

As a combination of the above, net cash flow for the year 2019 was USD 0.8 million compared to negative USD 1.0 million in 2018.

Outlook for 2020

In 2020, Siteimprove expects to see a continued growth in revenue following an increased demand for the Siteimprove Intelligence Platform. Siteimprove will maintain its position as the world leader in helping organizations cut through digital complexity and achieve growth.

Despite the implications of COVID-19, a situation that management is monitoring closely, management expects that revenue in 2020 will increase, while profitability will remain at the same level as 2019. This will be realized via selling up-market and by greater collaboration with prominent partners, combined with an increased focus on delivering scalable solutions. Forward-looking expectations, especially those that relate to future revenue and operating profit, are subject to risks and uncertainties which may cause the actual development to differ materially from the expectation.

In relation to the COVID-19 situation and the uncertainty around the impact on the world economy we decided to make a reduction in our workforce of 12% primarily in the US market in March 2020.

Management's statement

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Siteimprove A/S for the financial year January 1 – December 31, 2019. The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act. The Financial Statements of the Parent Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements of the Parent Company give a true and fair view of the financial position at December 31, 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year January 1 – December 31, 2019.

In our opinion, Management's Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company. We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, May 20, 2020

Executive Board

Morten Ersbøll Ebbesen

Board of Directors

Niels Lenander Jensen
Chairman

Jesper Tranholm Frederiksen

Brendan Thomas Bank

Antony Clifford Clavel

Niels Ebbe Ebbesen

Johannes Kornelis Jan Sikkens

Independent auditor's report

Independent auditor's report

To the shareholders of Siteimprove A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at December 31, 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to December 31, 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at December 31, 2019 and of the results of the Parent Company's operations for the financial year January 1 to 31, December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Siteimprove A/S for the financial year January 1 - December 31, 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on management's review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, May 20, 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen	**Simon Vinberg Andersen**
State Authorised Public Accountant	State Authorised Public Accountant
mne16675	mne35458

Consolidated financial statements

FIVE-YEAR SUMMARY

Seen over a five-year period, the financial development in the Siteimprove Group is described by the following highlights:

USD '000	2019	2018	2017	2016	2015
Income statement					
Revenue	73,149	61,377	45,103	29,705	19,896
Gross profit	61,379	51,501	37,932	24,353	15,960
EBITDA*	4,982	(4,247)	(4,845)	(5,057)	(2,898)
EBIT	(5,195)	(10,496)	(9,583)	(7,635)	(4,128)
Net financial items	(1,717)	(1,075)	477	(154)	(75)
Income taxes	282	(209)	2,047	1,260	858
Net profit/(loss)	(6,631)	(11,780)	(7,059)	(6,529)	(3,345)
Balance sheet					
Total assets	56,765	42,509	35,647	28,764	24,823
Equity	(22,777)	(17,100)	(6,314)	764	7,056
Investment in property, plant and equipment	(438)	(1,237)	(270)	(1,128)	(637)
Cash flow statement					
Cash flow from operating activities	10,810	1,925	5,636	1,615	2,004
Cash flow from investing activities	(11,304)	(12,038)	(8,751)	(7,017)	(5,740)
Cash flow from financing activities	1,303	9,086	-	38	15,815
Change in cash and cash equivalents for the year	810	(1,027)	(3,115)	(5,364)	12,080
Key ratios					
Annual recurring revenue	81,620	69,150	54,967	36,848	25,236
Average annual recurring revenue per customer	11.0	9.3	8.5	7.4	7.1
Revenue growth	19.2%	36.1%	51.8%	49.3%	49.1%
Gross margin	83.9%	83.9%	84.1%	82.0%	80.2%
Solvency ratio	(40.1%)	(40.2%)	(17.7%)	2.7%	28.4%
EBITDA margin	6.8%	(6.9%)	(10.7%)	(17.0%)	(14.6%)

* EBITDA is calculated as EBIT cf. Income Statement adjusted for depreciations, amortizations and impairment cf. Note 2.5.

As disclosed in the notes to the financial statements, prior period amounts have not been adjusted under the modified retrospective method to adopt IFRS 16 as of January 1, 2019.

Except for 'Annual recurring revenue' and 'Average revenue per customer' the Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis. For definitions refer to Accounting Policies.

INCOME STATEMENT JANUARY 1 - DECEMBER 31

USD '000	Note	2019	2018
Revenue	2.1	73,149	61,377
Cost of revenue	2.2 / 2.3 / 2.5	(11,770)	(9,876)
Gross profit		**61,379**	**51,501**
Sales & marketing costs	2.2 / 2.3 / 2.5	(39,312)	(37,863)
Research & development costs	2.2 / 2.3 / 2.4 / 2.5	(16,896)	(14,407)
General & administrative costs	2.2 / 2.3 / 2.5	(10,609)	(9,727)
Other income		243	-
EBIT		**(5,195)**	**(10,496)**
Financial income	4.4	2,408	1,157
Financial costs	4.4	(4,125)	(2,232)
Net profit/(loss) before tax		**(6,912)**	**(11,571)**
Income taxes	2.6	282	(209)
Net profit/(loss)		**(6,631)**	**(11,780)**

OTHER COMPREHENSIVE INCOME JANUARY 1 - DECEMBER 31

Net profit/(loss)	**(6,631)**	**(11,780)**
Items that will be reclassified to income statement		
Exchange differences on translation of foreign operations	352	642
Other comprehensive income for the period, net of tax	**352**	**642**
Total comprehensive income for the period	**(6,278)**	**(11,138)**

Net profit/(loss) and total comprehensive income for the period is fully attributable to the owners of the Parent Company Siteimprove A/S.

CONSOLIDATED BALANCE SHEET DECEMBER 31

Assets

USD '000	Note	2019	2018
Development projects		5,026	3,655
Development projects in progress		1,758	1,061
Goodwill		-	-
Total intangible assets	3.1	**6,784**	**4,716**
Leasehold improvements		498	634
Other fixtures, furniture and fittings		900	1,282
Right-of-use assets		6,997	-
Total property, plant and equipment	3.2	**8,396**	**1,917**
Contract assets	3.3	16,071	14,050
Deferred tax assets	2.6	3,987	3,936
Other financial fixed assets	4.3	1,451	1,417
Total other non-current assets		**21,509**	**19,403**
Total non-current assets		**36,689**	**26,035**
Trade receivables	3.4 / 4.2	13,176	10,644
Other receivables	4.2	2	36
Income tax receivables	2.6	777	713
Prepayments	3.5	2,051	1,820
Cash and cash equivalents	4.2	4,070	3,260
Total current assets		**20,076**	**16,474**
Total assets		**56,765**	**42,509**

CONSOLIDATED BALANCE SHEET DECEMBER 31

Equity and liabilities

USD '000	Note	2019	2018
Share capital	4.5	93	93
Reserve for currency translation		1,169	817
Retained earnings		(24,039)	(18,009)
Total equity		**(22,777)**	**(17,100)**
Deferred tax liabilities	2.6	2,101	1,589
Other provisions	3.6	1,373	376
Lease liabilities	4.2	4,644	-
Borrowings	4.1 / 4.2	12,926	9,086
Total non-current liabilities		**21,043**	**11,051**
Trade payables	4.2	1,885	1,830
Income tax liabilities	2.6	299	-
Other liabilities	4.2	9,164	8,896
Lease liabilities	4.2	2,638	-
Contract liabilities	3.7	44,512	37,832
Total current liabilities		**58,498**	**48,558**
Total liabilities		**79,542**	**59,609**
Total equity and liabilities		**56,765**	**42,509**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2019	Share capital	Reserve for currency translation	Retained earnings	Total
Equity at January 1, 2019	**93**	**817**	**(18,009)**	**(17,100)**
COMPREHENSIVE INCOME				
Income/loss after tax			(6,631)	**(6,631)**
OTHER COMPREHENSIVE INCOME				
Exchange rate adjustments		352		**352**
Total other comprehensive income	**-**	**352**	**-**	**352**
TRANSACTIONS WITH SHAREHOLDERS				
Share-based payments			601	**601**
Total transactions with shareholders	**-**	**-**	**601**	**601**
Equity at December 31, 2019	**93**	**1,169**	**(24,039)**	**(22,777)**

2018	Share capital	Reserve for currency translation	Retained earnings	Total
Equity at January 1, 2018	**93**	**175**	**(6,581)**	**(6,314)**
COMPREHENSIVE INCOME				
Income/loss after tax			(11,780)	**(11,780)**
OTHER COMPREHENSIVE INCOME				
Exchange rate adjustments		642		**642**
Total other comprehensive income	**-**	**642**	**-**	**642**
TRANSACTIONS WITH SHAREHOLDERS				
Share-based payments			351	**351**
Total transactions with shareholders	**-**	**-**	**351**	**351**
Equity at December 31, 2018	**93**	**817**	**(18,009)**	**(17,100)**

CONSOLIDATED CASH FLOW STATEMENT JANUARY 1 - DECEMBER 31

USD '000	Note	2019	2018
Net profit/loss		(6,631)	(11,780)
Non-cash items	5.1	12,168	8,670
Changes in net working capital	4.6	(1,409)	(1,604)
Changes in contract liabilities		6,681	6,439
Cash flow from operating activities before financial items and tax		**10,808**	**1,725**
Financial income	4.4	1	2
Financial costs	4.4	(1,113)	(500)
Cash flow from operating activities before tax		**9,696**	**1,227**
Income tax reimbursements/(payments)		1,114	698
Cash flow from operating activities		**10,810**	**1,925**
Payments for intangible assets	3.1	(3,759)	(3,898)
Payments for property, plant and equipment	3.2	(438)	(1,237)
Payments for contract assets		(7,057)	(7,078)
Payments for other financial fixed assets	4.3	(51)	(32)
Proceeds from other financial fixed assets	4.3	1	206
Cash flow from investing activities		**(11,304)**	**(12,038)**
Proceeds from borrowings		3,840	9,086
Principal elements of lease payments		(2,537)	-
Cash flow from financing activities		**1,303**	**9,086**
Cash and cash equivalents, net at January 1		3,260	4,287
Net cash flow for the year		810	(1,027)
Cash and cash equivalents, net at December 31		**4,070**	**3,260**

CONSOLIDATED NOTES OVERVIEW

NOTES

1.1 Summary of significant accounting policies

The Consolidated Financial Statements of the Siteimprove Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and further requirements in the Danish Financial Statements Act.

Changes in accounting policies
Besides what is described under note 1.2 management has decided to reclassify certain costs between cost lines in the Consolidated Financial Statements in previous years. This is done to enhance the true and fair view of the financial position and business of which the Group operates.

The change has not resulted in any adjustments to the net profit/(loss) or equity.

Recognition and Measurement
The Consolidated Financial Statements have been prepared under the historical cost basis except when IFRS explicitly requires the use of fair value. The principal accounting policies set out below have been applied consistently in the preparation of the Consolidated Financial Statements for all the years presented.

The Consolidated Financial Statements are presented in USD thousands.

Principal accounting policies
The Group's accounting policies are described in relation to the individual notes to the Consolidated Financial Statements. Considering all the accounting policies applied in the preparation of the Consolidated Financial Statements, Management regards the following as the most significant accounting policies for the recognition and measurement of reported amounts as well as relevant to an understanding of the Consolidated Financial Statements:

- Revenue (note 2.1)
- Research & development costs incl. intangible assets (notes 2.4 and 3.1)
- Income taxes and deferred taxes (note 2.6)
- Trade receivables (note 3.4)
- Contract liabilities (note 3.7)
- Right-of-use assets and lease liabilities (notes 3.2 and 4.2)

Critical accounting estimates and judgments
In preparing the Group's Consolidated Financial Statements, Management makes various accounting estimates, judgments and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. In some circumstances a change in the estimates may be necessary because of changes in the underlying assumptions.

Estimation uncertainty
Determining the carrying amount of some assets and liabilities requires estimates and assumptions concerning future events.

The judgments, estimates, and assumptions made are based on historical experience and other factors which Management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

Management regards the following areas to include the key accounting estimates and assumptions used in the preparation of the Consolidated Financial Statements:

- Income taxes and deferred taxes (note 2.6)
- Intangible assets (note 3.1)
- Contract assets (note 3.3)
- Trade receivables (note 3.4)

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

Defining materiality
The Consolidated Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the Consolidated Financial Statements.

If a line item is not individually material, it is aggregated with other items of a similar nature in the Consolidated Financial Statements or in the notes. There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these financial statements or not applicable.

NOTES

1.2 Other accounting policies

New or amended IFRS that have come into effect in 2019
Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRS') issued by the International Accounting Standards Board (IASB) and IFRS endorsed by the European Union effective on or after January 1, 2019, it has been assessed that the application of these new IFRS has not had a material impact on the Consolidated Financial Statements in 2019, and the Group does not anticipate any significant impact on future periods from the adoption of these new IFRS. The below amendments or standards have been implemented by Siteimprove for the financial year 2019.

IFRIC 23 'Uncertainty over income tax treatment' with effective date January 1, 2019 has been implemented. The Group has assessed the impact of the standard and determined that it will not have any significant impact on the Annual Report.

Siteimprove has, with effect from January 1, 2019, implemented IFRS 16. The impact of the adoption of the standard is described below.

As of January 1, 2019, Siteimprove applies, for the first time, IFRS 16 'Leases' using the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard is recognized at January 1, 2019. Rights-of-use assets and lease liabilities have been recognized for those leases previously classified as operating leases, except for short-term leases less than 12 months and leases of low value assets. It must furthermore be considered whether the agreements is a lease or service agreement. The rights-of-use assets have been recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. The comparative information has not been restated. The change in policy has had an insignificant impact on the income statement.

Recognition exemptions and practical expedients applied:

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains option to extend or terminate.
- Exempted short-term lease contracts with a remaining duration of 12 months or less as at January 1, 2019.

For contracts which are, or contain, a lease, Siteimprove recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using Siteimprove's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.5%.

The lease liability is measured using the effective interest method. It is remeasured when there is a change in future lease payments, typically due to a change in index or rate (e.g. inflation) on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the income statement when the right-of-use asset has been fully depreciated.

The right-of-use asset is presented in Property, Plant and Equipment and the lease liabilities in non-current liabilities or current liabilities.

Lease contracts that have a lease term of 12 months or less and low value assets are not recognized on the balance sheet. These lease payments are expensed on a straight-line basis over the lease term.

The impact of the adoption of IFRS 16 on the financial statements as of January 1, 2019 is shown in the table and further described below:

USD million	January 1, 2019
Operating lease commitments disclosed as at December 31, 2018	7.5
Discounted using the group's incremental borrowing rate of 5.5%	(1.3)
(Less): short-term leases recognized on a straight-line basis as expense	(0.1)
Add/(less): adjustments as a result of a different treatment of extension and termination options	3.5
Lease liability recognized at January 1, 2019	**9.6**

NOTES

The lease liabilities recognized at January 1, 2019 on the balance sheet was USD 9.6 million. The impact on the consolidated income statement in 2019 from implementing IFRS 16 is an increase in EBITDA of USD 3.0 million following the lack of operating lease expenses, an increase in EBIT of USD 0.2 million following increased depreciation expenses and a decrease in net profit/loss before tax of USD 0.3 million.

Furthermore, the implementation of IFRS 16 impacts disclosures.

New or amended IFRS that have been issued but have not yet come into effect and have not been early adopted
The IASB has issued, and the EU has endorsed, several new standards and updated some existing standards, the majority of which are effective for accounting periods beginning on January 1, 2020 or later.

Therefore, they are not incorporated in the consolidated financial statements. There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Other general accounting policies

Basis of consolidation
The Consolidated Financial Statements comprise the Parent Company, Siteimprove A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

The Parent Company’s investments in the consolidated subsidiaries are set off against the Parent Company’s share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Functional and presentation currency

Items included in the financial statements of Group’s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Given that most of the Group’s transactions are in USD the Consolidated Financial Statements is presented in USD.

Translation of transactions and balances

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognized directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and costs in the income statement.

NOTES

Translation of Group companies

Income statements of foreign subsidiaries are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognized directly in equity.

Cost of revenue
Cost of revenue comprise hosting, direct salaries, office costs, depreciations, amortizations etc., as well as allocated overhead costs for cost of revenue departments, such as Customer Success and Technical Support.

Sales & marketing costs
Sales & marketing costs include costs associated with sales, marketing, and product marketing personnel and consist of compensation and benefits, commissions and bonuses, share-based compensation costs, depreciation and amortization, promotional and advertising expenses, travel, and entertainment expenses related to these personnel.

General & admin costs
General & admin costs include costs for executive, finance, human resources, information technology, legal and administrative support functions. This includes compensation and benefits, share-based compensation, professional services, depreciation and amortization costs.

Other income
Other income and other costs comprise items of a secondary nature to the main activities of the Group.

Government grants are recognized in the income statement on a straight-line basis and is presented as other income. Government grants not fully recognized in the income statement are presented as part of other liabilities.

Equity
Proposed dividend is recognized as a liability at the time of approval by the general meeting. Dividend which is expected to be distributed for the year is disclosed in the statement of changes in Group equity.

The reserve for currency translation in the Consolidated Financial Statements comprises foreign exchange differences arising from translation of financial statements of foreign enterprises from their functional currencies to the presentation currency of the Group (USD). On full or partial disposal of the net investment, the foreign exchange adjustments are recognized in the income statement.

Cash flow statement
The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the Income/loss after tax adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from purchase and disposals of intangible assets, property, plant & equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents comprise "Cash and cash equivalents".

The cash flow statement cannot be immediately derived from the published financial statements.

Consolidated five-year summary
The key figures and financial ratios have been prepared on a consolidated basis. The Key Ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysis.

- Annual recurring revenue: Equals the contract value of all customers at the balance sheet end date
- Average customer contract value: (Annual recurring revenue) / (No. of customers)
- Revenue growth: (Change in revenue compared to previous period x 100) / (Revenue previous period)
- Gross margin: (Gross profit x 100) / (Revenue)
- Solvency ratio: (Equity at year end x 100) / (Total assets at year-end)
- EBITDA margin: (EBITDA x 100) / (Revenue)

NOTES

2.1 Revenue

Accounting policies

Revenue is mainly derived from subscription fees charged for the Siteimprove Intelligence Platform, support fees and, professional services. For software contracts which are comprised of several components, the total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition.

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected.

Revenue is recognized when the client has obtained control of the subscription or service and has the ability to use and obtain substantially all the benefits from the subscription or service.

For multi-element contracts, the basis for revenue recognition is an assessment of the standalone selling prices for the identified performance obligations, including rebates, discounts, allowances, and inherent interest.

No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Subscription fees
Fixed term subscription agreements give the right to use the software for a determined period of time, which can be extended at the end of the initial term. Clients obtain control of the subscription in a cloud-based infrastructure.

The main possible performance obligation related to subscription agreements has been identified as the right to use the software. The right to use software subscription is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be accessed by a third party, and is functional with access to technical support.

Siteimprove has assessed that the client obtains control of the subscription when all of the following criteria are met: a binding contract is entered into; the subscription period is initiated; and the client has the right to use it. Subscription revenue is therefore recognized over the course of the subscription period. The consideration attributable to subscription-based agreements are discounted to net present value when the value of the financing element is deemed significant.

Professional services fees
Professional services agreements can include multiple performance obligations. The main possible performance obligations are implementation services related to the implementation of new and existing contracts irrespective of the terms of the contract. Time and material implementation contracts are recognized based on work performed. Fixed fee agreements are recognized based on percentage of completion.

NOTES

2.1 Revenue (continued)

The Group derives the following types of revenue:

USD '000	2019	2018
Subscriptions	72,613	60,991
Professional services	536	386
Total revenue	**73,149**	**61,377**

Geographic information

In the table below, sales to external customers are attributable to the country of the customers' domicile and non-current assets are based on the country of the entities' domicile. External sales and non-current assets are distributed by geographic region as follows:

USD '000	2019	2018
Revenue		
North America	48,717	41,099
Europe	22,930	18,949
Asia Pacific	1,502	1,330
Total revenue	**73,149**	**61,377**

Individual, material countries (>10% of total net sales) is the US with USD 44.6 million (USD 37.9 million).

USD '000	2019	2018
Total non-current assets		
North America	13,006	10,025
Europe	19,253	11,862
Asia Pacific	443	213
Total operating non-current assets [1)]	**32,701**	**22,099**
Deferred tax assets	3,987	3,936
Total non-current assets	**36,689**	**26,035**

[1)] Non-current assets other than deferred tax assets.

Individual, material countries (>10% of non-current assets) is the US with USD 11.9 million (USD 9.3 million).

NOTES

2.2 Staff costs

Accounting policies

Staff costs comprise wages and salaries as well as other payroll related expenses. Staff costs are included in sales & marketing costs, research & development costs as well as general & admin costs.

USD '000	2019	2018
Wages and salaries	51,527	50,807
Pensions (defined contribution plans)	2,643	2,440
Social security costs	3,932	3,685
Share-based payments	615	361
Total	**58,717**	**57,293**
Staff costs included in development projects	(3,699)	(3,868)
Commissions included in contract assets	(6,822)	(7,081)
Staff costs expensed to the income statement	**48,196**	**46,344**
Average number of employees	**527**	**524**

Total staff costs have been recognized in the income statement as follows:

USD '000	2019	2018
Cost of revenue	7,043	6,241
Sales & marketing costs	24,444	25,287
Research & development costs	10,225	8,613
General & admin costs	6,483	6,204
Total	**48,196**	**46,344**

Remuneration to key management can be specified as follows:

USD '000	2019	2018
Salary and bonus	3,954	3,419
Pension	254	197
Share-based payments	615	361
Total	**4,823**	**3,977**
Remuneration to the Executive Board & Board of Directors	**634**	**724**

Employment contracts for members of the Executive Board contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competition clauses.

NOTES

2.3 Share-based payments

Accounting policies

The Group operates an equity-settled share-based compensation plan for management and key employees.

The value of services received in exchange for warrants is measured at fair value at the grant date and recognized in the income statement under staff costs over the vesting period with a corresponding increase in equity.

The fair value of granted warrants is measured using a generally accepted valuation model (Black-Scholes) taking into consideration the terms and conditions upon which the warrants were granted. The volatility has been estimated using a benchmark volatility based on a peer group identified consisting of small-cap and mid-cap SaaS companies that have been listed for three years or longer.

The warrants were granted in May 2017 and each warrant provides the right to subscribe for one C-share. The vesting period runs from May 2017 until December 31, 2027 where the warrants may be exercised if the Group achieves an IPO, or more than 50% of the Group or its assets are transferred to a third party.

The following assumptions were applied at the time of grant:

	2019	2018
Share price (USD)	360.3 - 582.7	360.3 - 582.7
Exercise price (USD)	360.3 - 582.7	360.3 - 582.7
Remaining contract life time (years)	8.0	9.0
Maturity	3.0	3.0
Volatility	37.4% - 44.0%	37.4% - 44.0%
Risk-free interest rate	1.4% - 2.9%	1.4% - 2.9%
Dividend yield	0.0%	0.0%

Value of the programs and impact on the income statement

	2019	2018
Total warrants to be vested throughout the vesting period	22,653	12,944
Recognized in the income statement (USD '000)	615	361
Not yet recognized in respect of warrants expected to vest (USD '000)	1,942	1,086

Outstanding and exercisable warrants

	2019	2018
Vested on January 1	1,965	1,095
Vested during the year	2,509	870
Vested on December 31	**4,474**	**1,965**
Exercisable on December 31	**-**	**-**

NOTES

2.4 Research & development costs

Accounting policies

Siteimprove's research & development focuses on the development of the Siteimprove Intelligence Platform.

Research & development costs include costs associated with the development of new products, enhancements of existing products for which technological feasibility has not been achieved and quality assurance activities. This includes compensation and benefits, share-based compensation costs, consulting costs, depreciation and amortization costs, the cost of software development equipment, and allocated overhead.

Research & development costs that are not eligible for capitalization have been expensed in the period and they are recognized in research & development costs.

USD '000	2019	2018
This years incurred research & development costs	17,613	16,238
Amortization of intangible assets	1,645	1,608
Depreciation of property, plant & equipment	427	429
Depreciation of right-of-use assets	911	-
Development costs included in development projects	(3,699)	(3,868)
Total	**16,896**	**14,407**

NOTES

2.5 Depreciations, amortizations and impairment

USD '000	2019	2018
Amortizations and impairment of intangible assets	6,591	5,369
Depreciations and impairment on property, plant & equipment	899	921
Depreciations and impairment on right-of-use assets	2,821	-
(Gains)/losses on disposals	-	(4)
Total	**10,311**	**6,286**

Amortizations, impairment and (gains)/losses on intangible assets and contract assets have been recognized in the income statement as follows:

USD '000	2019	2018
Cost of revenue	9	-
Sales & marketing costs	4,920	3,761
Research & development costs	1,645	1,608
General & admin costs	17	-
Total	**6,591**	**5,369**

Depreciations, impairment and (gains)/losses on property, plant & equipment have been recognized in the income statement as follows:

USD '000	2019	2018
Cost of revenue	470	82
Sales & marketing costs	1,475	280
Research & development costs	1,337	429
General & admin costs	437	126
Total	**3,720**	**917**

Impairment on intangible assets, contract assets, and property, plant & equipment have been recognized in the income statement as follows:

USD '000	2019	2018
Cost of revenue	-	-
Sales & marketing costs	168	102
Research & development costs	118	-
General & admin costs	-	-
Total	**286**	**102**

Contract assets have been impaired with a total of USD 0.2 million in 2019 due to unsatisfactory customer retention in specific immature markets. The recoverable amount of the impaired assets totals USD 0.5 million as of December 31, 2019 and is carried at cost less accumulated amortization and impairment ('Value In Use').

Development projects have been impaired with a total of USD 0.1 million in 2019 due to unsatisfactory performance in certain markets. The recoverable amount of the impaired assets totals USD 0.3 million as of December 31, 2019 and is carried at cost less accumulated amortization and impairment ('Value In Use').

NOTES

2.6 Income taxes and deferred income taxes

Accounting policies

Income taxes
The tax expense for the period comprises current and deferred tax including adjustments to previous years. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income. Any changes in deferred tax due to changes in tax rates are recognized in the income statement or in other comprehensive income depending on the original recognition.

Current tax receivables and liabilities
Current tax receivables and liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and prior year adjustments. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Deferred tax assets and liabilities
Deferred tax is recognized in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Key accounting estimates

The Group is subject to income taxes around the world. Significant judgment and estimates are required in determining the worldwide accrual for income taxes, deferred income tax assets and liabilities, and provision for uncertain tax positions.

The Group has a total tax asset of USD 4.0 million (USD 3.9 million).

The Group recognizes only deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income and used judgment in assessing whether deferred income tax assets should be recognized.

NOTES

2.6 Income taxes and deferred income taxes (continued)

USD '000	2019	2018
Income taxes		
Current income tax	356	461
Deferred income tax	(308)	(590)
Adjustments concerning previous years	233	(80)
Total	**282**	**(209)**
Deferred tax on other comprehensive income	**-**	**-**
INCOME TAX RECONCILIATION		
Breakdown of tax on profit for the year:		
Net profit/(loss) before tax from continuing operations	(6,912)	(11,571)
Tax calculated using the Danish corporation tax rate (22%)	1,521	2,546
Tax effect of:		
Other tax percentages in foreign jurisdictions	13	(95)
Non-deductable costs	(1,598)	40
Non-taxable income	240	-
Unrecognized tax asset	(422)	(2,491)
Others, including adjustment of prior years	528	(209)
Taxes in the income statement	**282**	**(209)**

NOTES

2.6 Income taxes and deferred income taxes (continued)

USD '000	2019	2018
DEFERRED INCOME TAXES		
Deferred income tax at January 1	2,347	3,145
Exchange rate adjustments	(154)	(208)
Movement for the year	(308)	(590)
Deferred income tax at December 31	**1,886**	**2,347**
Recognized in the balance sheet as follows:		
Deferred tax assets	3,987	3,936
Deferred tax liabilities	(2,101)	(1,589)
Deferred tax, net	**1,886**	**2,347**
DEFERRED TAX BREAKDOWN		
Property, plant & equipment	311	334
Intangible assets	(1,013)	(1,037)
Receivables	12	12
Other assets	(2,094)	(1,934)
Other liabilities	185	149
Tax losses to be carried forward	4,484	4,684
Other	1	139
Total	**1,886**	**2,347**

Siteimprove records a valuation allowance to reduce deferred tax assets to reflect the net amount that is more likely than not to be realized. Realization of the deferred tax assets is dependent upon the generation of future taxable income, the amount and timing of which are uncertain. The valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable; such assessment is required on a jurisdiction by jurisdiction basis. Based upon the weight of available evidence at December 31, 2019, Siteimprove determined that it was more likely than not that a portion of the deferred tax assets would be realizable.

As at December 31, 2019 the Group has no unrecognized tax liabilities.

As at December 31, 2019 the Group has a total of USD 5.8 (USD 4.0 million) as unrecognized deferred tax assets. There is no expiry date on the deferred tax assets.

NOTES

3.1 Intangible assets

Accounting policies

Development projects
Costs of development projects comprise salaries, amortization and other expenses directly or indirectly attributable to the Group's development activities. The costs for development projects are all internally generated.

Development projects that are clearly defined and identifiable, in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or a lower recoverable amount.

Amortizations and impairment losses are recognized in the consolidated income statement as elaborated in note 2.5

Development costs that do not meet the criteria above are recognized as an expense in the income statement as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

As of the date of completion, capitalized development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work.

Goodwill
Goodwill represents any cost in excess of identifiable net assets, measured at fair value, in the acquired company. Goodwill is valued at acquisition value less any accumulated impairment losses. Goodwill is tested annually, or upon indication, for impairment.

Key accounting estimates

The carrying amounts of development projects, development projects in progress, and goodwill are reviewed on an annual basis to assess whether there is any indication of impairment other than that expressed by amortization. If so, an impairment test is carried out to assess whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. Development projects, development projects in progress, and goodwill are tested for impairment annually and whenever there is an indication of impairment.

The impairment test includes significant judgments, such as assumption of projected future cash flows used in the valuation of the intangible assets. Future events could cause Management to conclude that impairment indicators exist and that intangible assets are impaired. Any resulting impairment loss could have a material impact on the financial condition and result of operations.

When carrying out the impairment test for development projects, development projects in progress, and goodwill, the Group is seen as several cash generating units split according to the internal segment reporting. The carrying values of the individual cash generating units are compared to the values in use. If the carrying values are higher, the difference is charged to the income statement.

The values in use are calculated using a valuation model based on discounted expected future cash flows (DCF-model covering a 5-year budget period) based on Management's projections.

The terminal growth is based on adjusted historical development taking into account the general level of inflation. Discount rates are based on the risk-free rate adjusted for the inherent risk and industry comparisons for each individual cash generating unit.

The discount rates are based on the risk inherent in the related activity's current business model and industry comparisons.

NOTES

3.1 Intangible assets (continued)

2019

USD '000	Devel-opment projects	Devel-opment projects in progress	Goodwill	Total
Accumulated cost at January 1	7,163	1,061	451	**8,675**
Exchange rate adjustments	(171)	(31)	(11)	**(213)**
Additions	-	41	-	**41**
Additions (internally generated)	-	3,718		**3,718**
Transfers	3,031	(3,031)	-	**-**
Accumulated cost at December 31	**10,022**	**1,758**	**440**	**12,221**
Accumulated amortizations and impairment at January 1	(3,508)	-	(451)	**(3,959)**
Exchange rate adjustments	86	-	11	**97**
Amortizations	(1,457)	-	-	**(1,457)**
Impairment	(118)	-	-	**(118)**
Accumulated amortizations and impairment at December 31	**(4,997)**	**-**	**(440)**	**(5,437)**
Carrying amount at December 31	**5,026**	**1,758**	**-**	**6,784**

NOTES

3.1 Intangible assets (continued)

2018

USD '000	Devel-opment projects	Devel-opment projects in progress	Goodwill	Total
Accumulated cost on January 1	4,427	244	474	**5,145**
Exchange rate adjustments	(345)	-	(23)	**(368)**
Additions (internally generated)	-	3,898	-	**3,898**
Transfers	3,081	(3,081)	-	**-**
Accumulated cost on December 31	**7,163**	**1,061**	**451**	**8,675**
Accumulated amortizations and impairment at January 1	(2,044)	-	(474)	**(2,518)**
Exchange rate adjustments	144	-	23	**167**
Amortizations	(1,608)	-	-	**(1,608)**
Accumulated amortizations and impairment at December 31	**(3,508)**	**-**	**(451)**	**(3,959)**
Carrying amount at December 31	**3,655**	**1,061**	**-**	**4,716**

Development projects relates to the continuous development of new tools and features for the Siteimprove Intelligence Platform. The projects are expected to be finalized over the course of 2020, whereafter the marketing of the new software services can begin.

The developed tools and features relates to Quality Assurance, Accessibility, Analytics, SEO, Ads, Performance, Policy Management, CMS plugins, Response and Data Privacy. As of December 31, 2019 the carrying amount of development projects primarily relates to Quality Assurance, Accessibility, Analytics, CMS plugins and Performance.

The projects are progressing as planned and it is expected that the software will be sold in current and new markets. The continued product development of the Intelligence Platform is expected to result in a considerable competitive advantage and, hence, a significant further increase in the level of activity and results of operations.

NOTES

3.2 Property, plant & equipment

Accounting policies

Leasehold improvements, other fixtures, furniture, and fittings are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Leasehold improvements	3-8 years
Other fixtures furniture and fittings	3-5 years

Assessment of residual value and useful life is performed annually for assets under property, plant & equipment.

Gains and losses arising from disposal of property, plant & equipment are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

Depreciations and impairment losses are recognized in the consolidated income statement as elaborated in note 2.5

Right-of-use assets

As of January 1, 2019, Siteimprove applies, for the first time, IFRS 16 'Leases' using the modified retrospective approach. Under this method, the cumulative effect of initially applying the standard is recognized at January 1, 2019. Rights-of-use assets and lease liabilities have been recognized for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The rights-of-use assets have been recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as of January 1, 2019. The comparative information has not been restated.

The change in policy has had an insignificant impact on the income statement.

Recognition exemptions and practical expedients applied.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains option to extend or terminate.
- Exempted short-term lease contracts with a remaining duration of 12 months or less as at January 1, 2019.

For contracts which are, or contain, a lease, Siteimprove recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using Siteimprove's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.5%.

The right-of-use asset is presented in property, plant & equipment and the lease liabilities in non-current liabilities or current liabilities.

Lease contracts that have a lease term of 12 months or less and low value assets are not recognized on the balance sheet. These lease payments are expensed on a straight-line basis over the lease term.

NOTES

3.2 Property, plant & equipment (continued)

Accounting policies

If circumstances or changes in Siteimprove's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment.

The basis for the review is the recoverable amount of the assets, determined as the greater of the fair value less cost to sell or its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to the recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

Property, plant & equipment

2019

USD '000	Leasehold improvements	Other fixtures, furniture, and fittings	Right-of-use assets	Total
Accumulated cost at January 1	978	3,273	9,534	**13,786**
Exchange rate adjustments	(6)	(68)	(114)	**(188)**
Additions	27	410	405	**843**
Disposals	-	(27)	-	**(27)**
Accumulated cost at December 31	**999**	**3,589**	**9,826**	**14,414**
Accumulated depreciations and impairment at January 1	(344)	(1,991)	-	**(2,335)**
Exchange rate adjustments	4	40	(8)	**37**
Depreciations	(161)	(738)	(2,821)	(3,720)
Accumulated depreciations and impairment at December 31	**(501)**	**(2,688)**	**(2,829)**	**(6,018)**
Carrying amount at December 31	**498**	**900**	**6,997**	**8,396**

2018

USD '000	Leasehold improvements	Other fixtures, furniture, and fittings	Right-of-use assets	Total
Accumulated cost at January 1	676	2,550	-	**3,226**
Exchange rate adjustments	(56)	(152)	-	**(208)**
Additions	362	875	-	**1,237**
Disposals	(4)	-	-	**(4)**
Accumulated cost at December 31[s]	**978**	**3,273**	-	**4,251**
Accumulated depreciations and impairment at January 1	(212)	(1,295)	-	**(1,507)**
Exchange rate adjustments	15	74	-	**89**
Depreciations	(147)	(770)	-	**(917)**
Disposals	1	-	-	**1**
Accumulated depreciations and impairment at December 31	**(344)**	**(1,991)**	-	**(2,335)**
Carrying amount at December 31	**634**	**1,282**	-	**1,917**

NOTES

3.2 Property, plant & equipment (continued)

The carrying amount of right-of-use assets as of December 31 can be specified into below categories:

USD '000	2019	2018
Buildings	6,929	-
Others	68	-
Total	**6,997**	**-**

Besides what is shown in notes 2.5 and 4.4 the Consolidated Income Statement shows the following amounts relating to leases:

USD '000	2019	2018
Expense relating to short-term leases included under:		
Cost of revenue	15	-
Sales & marketing costs	128	-
Research & development costs	26	-
General & administrative costs	13	-
Total	**182**	**-**
Total cash outflow for leases	**3,173**	**3,111**

NOTES

3.3 Contract assets

Accounting policies

Contract assets stem from subscription agreements with payments in the future. Contract assets comprise incremental sales commissions directly associated with obtaining a contract with a new client and deemed realizable through the future revenue streams under the contract.

Contract assets are recognized at cost, as part of sales & marketing costs, when control over goods or services is transferred to a client. Subsequently contract assets are measured at cost less accumulated amortization and any accumulated impairment losses. Contract assets are amortized on a straight-line basis, based on the expected lifetime of the contract.

Contract assets are amortized on a straight-line basis, based on the expected lifetime (historical churn rate) of the contract, but not exceeding 5 years. Amortizations, impairment and (gains)/losses on contract assets are recognized in the income statement under 'Sales & Marketing costs'.

Contract assets are within the scope of impairment requirements in IFRS 9. For contract assets the simplified approach is used and the expected loss provision is measured at the estimate of the lifetime expected credit losses.

Key accounting estimates

The expected lifetime of contracts assets are based upon assumptions on churn rates. When evaluating the expected churn rates for contracts historical performance on a specific markets and verticals is considered. The analysis is furthermore based upon current economic trends in the specific market and vertical.

USD '000	2019	2018
Accumulated cost at January 1	23,121	16,435
Exchange rate adjustments	(20)	(391)
Additions	7,057	7,078
Accumulated cost at December 31	**30,158**	**23,121**
Accumulated amortizations and impairment at January 1	(9,071)	(5,460)
Exchange rate adjustments	1	149
Amortizations	(4,849)	(3,659)
Impairment	(168)	(102)
Accumulated amortizations and impairment at December 31	**(14,087)**	**(9,071)**
Carrying amount at December 31	**16,071**	**14,050**

NOTES

3.4 Trade receivables

Accounting policies

Trade receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Provisions for bad debts are determined by using the simplified expected credit loss model (ECL). The ECLs on trade receivables are estimated by using a matrix by reference to geography, past default experience, analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions in which the debtors operate, and an assessment of the forecast direction of developments at the reporting date.

Key accounting estimates

Management makes allowance for doubtful trade receivables in anticipation of estimated losses resulting from customers unable to make required payments. When evaluating the adequacy of the allowance for doubtful trade receivables, management analyzes trade receivables and examines historical bad debt, customer creditworthiness and payment history, current economic trends and changes in customer payment terms.

USD '000	2019	2018
Trade receivables (gross)	13,268	10,754
Allowance for doubtful trade receivables	(92)	(111)
Total	**13,176**	**10,644**
Age analysis of trade receivables:		
- Not yet due	9,198	7,103
- Overdue by up to 30 days	3,008	3,028
- Overdue by up to 31 days and 60 days	499	301
- Overdue by between 61 days and 90 days	360	134
- Overdue by more than 90 days	111	77
Trade receivables with credit risk exposure	**13,176**	**10,644**
Movement in allowance for doubtful trade receivables		
Balance at January 1	(111)	-
Mutation in allowance for possible losses during the year	19	(110)
Exchange rate adjustments	-	(1)
Balance at December 31	**(92)**	**(111)**
Allowance for doubtful trade receivables split by age analysis:		
- Not yet due	-	-
- Overdue by up to 30 days	(6)	(6)
- Overdue by up to 31 days and 60 days	(4)	(3)
- Overdue by between 61 days and 90 days	(2)	(25)
- Overdue by more than 90 days	(80)	(77)
Balance at December 31	**(92)**	**(111)**

NOTES

3.5 Prepayments

Accounting policies

Prepayments are measured at cost and comprise prepaid costs concerning rent, licenses, insurance premiums, and subscriptions.

3.6 Other provisions

Accounting policies

Provisions are recognized when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation based on Management's best estimate.

Other provisions cover obligation to re-establish the Group's leased premises and longterm vacation accruals.

USD '000	2019	2018
Balance on January 1	376	395
Exchange rate adjustments	(9)	(19)
Additions	1,006	-
Balance on December 31	**1,373**	**376**

3.7 Contract liabilities

Accounting policies

Contract liabilities represent prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to subscriptions, services, and technical support.

Management expects that the majority of the transaction price allocated to the unsatisfied contracts on December 31, 2018 will be recognized as revenue during 2019-2021. As on December 31, 2019 the majority of the transaction price allocated to unsatisfied contracts will be recognized during the next reporting period. The remaining amounts will be recognized in the 2021-2022 financial years.

USD '000	2019	2018
Balance on January 1	37,832	31,393
Exchange rate adjustments	(18)	(107)
Revenue recognized in the period	(28,561)	(24,108)
Revenue deferred to subsequent periods	35,260	30,654
Balance on December 31	**44,512**	**37,832**

NOTES

4.1 Financial institutions

Accounting policies

Borrowings are recognized initially at fair value. Borrowings are subsequently measured at amortized cost. Borrowing costs are expensed in the income statement in the period they incur.

USD '000	2019	2018
Financial institutions are recognized in the balance sheet as follows:		
Non-current liabilities	12,926	9,086
Total	**12,926**	**9,086**

The Group has a committed revolving credit facility of USD 20.0 million (USD 20.0 million), which matures in 2021 with USD 20.0 million. The undrawn amount of the credit facility at December 31, 2019 was USD 7.1 million (USD 10.9 million).

4.2 Financial risks and instruments

Accounting policies

The Group manages financial risks based on directions from the Board of Directors.

As a general direction, the Group does not engage in financial transactions or manage risk exposures that are not related to the underlying business-driven risks. This means that the Group does not enter into any speculative transactions.

The Group's financial risks must be managed with the aim of protecting the value and financial stability of the Group, taking into consideration the cost and accounting consequences of such transactions.

The risk management activities of the Group are managed centrally by Group Finance and primarily involve the following different financial risks.

Foreign Exchange Risk

The Group's reporting currency is USD, while the most significant currencies for revenue and cost are the USD, DKK, and EUR. Fluctuating currency rates influence the reported net income/loss, assets and liabilities, as well as the value of future cash flows. A significant part of the Group's operations are in DKK and EUR, where translation risk is present.

The Group does not hedge its exposure to foreign currency fluctuations. A hedging strategy might not be possible to execute as hedging instruments may not be available for all currencies, or may not always offset losses resulting from currency exchange rate fluctuations. Moreover, the use of hedging instruments can itself result in losses if the Group is unable to structure effective hedges with such instruments.

A 5% increase/decrease in the USD rate versus local currencies would impact EBIT positively/negatively by USD 1.2 million (USD 1.3 million).

Interest Rate Risk

The Group's total borrowings amounts to USD 12.9 million (USD 9.1 million) as of December 31, 2019.

Fluctuating interest rates influence the Group's income statement, balance sheet and the present value of future cash flows resulting from changes in interest rates.

The objective of actively managing the Group's interest rate exposure is to maintain the interest rate risk at a known and acceptable level and to minimize the Group's cost of borrowing requirements.

The Group does not hedge against the interest rate risk as it is assessed to be insignificant, although the development in interest rates are closely monitored in order to react in a timely fashion and take required measures.

A 1% increase/decrease in the interest rate would impact net financial items positively/negatively by USD 0.1 million (USD 0.1 million).

NOTES

4.2 Financial risks and instruments (continued)

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables), including deposits with banks and other financial instruments.

Operational Credit Risk

The Group's balance sheet at December 31, 2019 included trade receivables with a net book value of USD 13.2 million (USD 10.6 million).

The allowance for doubtful trade receivables is estimated by analyzing trade receivables and examining historical bad debt, customer creditworthiness and payment history, current economic trends, and changes in customer payment terms. Refer to note 3.4.

If the Group is unable to collect receivables from customers, the Group could incur write-offs for bad debt, which could have a material adverse effect on the Group's results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies and its bad debt exposure may increase over time. An increase in write-offs for bad debt could have a materially negative effect on the Group's business, financial condition, and operating results.

The Group's revenue primarily comprise the sale of subscriptions to the Siteimprove Intelligence Platform to different companies and institutions within the private and public sector. The Group has historically experienced limited risk with regard to the solvency of its customers and therefore limited losses. As part of the Group's internal procedures regarding risk management, the operational credit risk relating to customers is monitored on a monthly basis. The Group has no significant concentration of credit exposure as the exposure has been spread among different sectors.

In addition, total other receivables including deposits totals USD 1.5 million (USD 1.5 million). Management deems no significant risk in relation to these amounts.

Financial Credit Risk

Financial credit risk management has the objective of minimizing financial loss through a financial distress or the default of a financial counterparty whether due to the financial insolvency of the counterparty, the inability of the counterparty to perform due to changed national legislation or any other circumstance.

The Group's exposure to counterparty risk is managed by establishing approved counterparty limits detailing the maximum exposure that the Group is prepared to accept with respect to the individual counterparty.

Financial credit risk from balances with banks and financial institutions is managed by Management on a regular basis. Based on external credit ratings, no material risk has been identified in respect to the Group's cash balances.

Liquidity risk

The Group ensures the availability of the required liquidity through a combination of cash management and committed credit facilities. To centralize and optimize liquidity the Group utilizes cash pooling in addition to inter-company lending and borrowing.

The Group has a committed revolving credit facility of USD 20.0 million (USD 20.0 million), which matures in 2021 with USD 20.0 million. The undrawn amount of the credit facility at December 31, 2019 was USD 7.1 million (USD 10.9 million).

Under the terms of the borrowing facility, the Group is required to comply with several covenants. The Group has complied with these covenants throughout the reporting period.

To reduce refinancing risk the Group ensures that maturity dates for committed credit facilities are diversified.

NOTES

4.2 Financial risks and instruments (continued)

The table below summarizes the maturity profile of the Group's financial liabilities and assets based on contractual undiscounted payments:

USD '000

Maturity on December 31, 2019	Carrying amount	Contractual maturity incl. interest Total	0-1 year	1-5 years	>5 years
Measured at amortized cost					
Cash and cash equivalents	4,070	4,070			
Trade receivables	13,176	13,176			
Other receivables	2	2			
Total financial assets	**17,249**	**17,249**	**-**	**-**	**-**
Measured at amortized cost					
Borrowings	12,926	13,931		13,931	
Trade payables	1,885	1,885	1,885		
Other liabilities	9,164	9,164	9,164		
Lease liabilities	7,282	7,862	2,963	4,899	
Total financial liabilities	**31,257**	**32,842**	**14,013**	**18,829**	**-**

USD '000

Maturity on December 31, 2018	Carrying amount	Contractual maturity incl. interest Total	0-1 year	1-5 years	>5 years
Measured at amortized cost					
Cash and cash equivalents	3,260	3,260			
Trade receivables	10,644	10,644			
Other receivables	36	36			
Total financial assets	**13,940**	**13,940**	**-**	**-**	**-**
Measured at amortized cost					
Borrowings	9,086	10,224		10,224	
Trade payables	1,830	1,830	1,830		
Other liabilities	8,896	8,896	8,896		
Total financial liabilities	**19,812**	**20,950**	**10,726**	**10,224**	**-**

NOTES

4.3 Other financial fixed assets

Accounting policies

Other financial fixed assets primarily consists of deposits paid for the Groups leased premises.

Other financial fixed assets are measured at cost less accumulated impairment losses in the balance sheet. Where cost exceeds the recoverable amount, write-down is made to this lower value.

USD '000	2019	2018
Accumulated cost at January 1	1,417	1,673
Exchange rate adjustments	(16)	(82)
Additions	51	32
Disposals	(1)	(206)
Accumulated cost at December 31	**1,451**	**1,417**
Accumulated revaluation and impairment at January 1	-	-
Accumulated revaluation and impairment at December 31	**-**	**-**
Carrying amount at December 31	**1,451**	**1,417**

4.4 Financial income & financial costs

Accounting policies

Financial income and costs comprise interests, realized and unrealized exchange adjustments, and other financial income and costs.

USD '000	2019	2018
FINANCIAL INCOME		
Other financial income	1	2
Exchange rate gains	2,407	1,155
Total	**2,408**	**1,157**
FINANCIAL COSTS		
Other financial costs	658	500
Interests paid for lease liabilities	455	-
Exchange rate losses	3,012	1,732
Total	**4,125**	**2,232**

NOTES

4.5 Share capital

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The share capital consists of 555,126 shares of nominal value of DKK 1. The share capital has been paid in full and is divided into three classes.

	Number of shares	Nominal value (DKK)
A-shares	141,982	141,982
B-shares	413,044	413,044
C-shares	100	100
Share capital on December 31	**555,126**	**555,126**

Each share carry different preference rights in regards to payout of dividends, but no preference voting rights. Furthermore Class A shares carry drag along-right in event of divesture of all Class A shares.

The share capital has developed as follows:

USD	2019	2018	2017	2016	2015
Share capital on January 1	92,627	92,627	92,613	86,987	83,958
Capital increases	-	-	14	5,626	3,029
Capital decreases	-	-	-	-	-
Share capital on December 31	**92,627**	**92,627**	**92,627**	**92,613**	**86,987**

4.6 Changes in net working capital (cash flow statement)

Accounting policies

Working capital is defined as current assets less current liabilities. It measures how much in liquid assets the Group has available for its operations.

USD '000	2019	2018
Change in receivables	(2,729)	(3,261)
Change in liabilities	1,320	1,657
Total	**(1,409)**	**(1,604)**

NOTES

5.1 Cash flow adjustments

For the purpose of presenting the cash flow statement, non-cash items with effect on the income statement must be reversed to identify the actual cash flow effect from the income statement. The adjustments are specified as follows:

USD '000	2019	2018
Financial income	(2,408)	(1,157)
Financial costs	4,125	2,232
Depreciations, amortizations, and impairment losses	10,311	6,286
Provision movement	(1,622)	498
Allowance for doubtful trade receivables	(19)	110
Share-based payments	615	361
Income taxes	(282)	209
Exchange rate adjustments	1,448	131
Total	**12,168**	**8,670**

5.2 Contingent assets, liabilities, and other financial obligations

Guarantee obligations

The Group has provided corporate pledges to banks totalling USD 14.9 million (USD 15.0 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

The Group has issued letter of comfort to all its subsidiaries.

Contingent liabilities

Through participation in joint taxation schemes, the Group is jointly and severally liable for the tax payables.

5.3 Related party transactions

Related parties comprise companies controlled by MEE Holding ApS, Nescon Software ApS, Summit Partners (SMP) Sarl and key management. Key management are Siteimprove A/S' Board of Directors and Executive Board as well as management in the controlling companies.

The Group has had the following arm's length transactions with related parties:

USD '000	2019	2018
MEE Holding ApS		
Repayment of loan	796	683

As of December 31, 2019 a total of USD 0.7 million (USD 0.6 million) is recognized as receivable from MEE Holding ApS. The amount relates to the Danish tax credit scheme.

For information on remuneration to the management of Siteimprove A/S, please refer to note 2.2 and note 2.3.

NOTES

5.4 Ownership and consolidated financial statements

Controlling interest

MEE Holding ApS, Frederiksberg (majority shareholder)

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MEE Holding ApS, Frederiksberg
Nescon Software ApS, Copenhagen
Summit Partners (SMP) Sarl, Luxembourg

Consolidated financial statements

The ultimate parent company is MEE Holding ApS, Frederiksberg, Denmark.

Siteimprove A/S is included in the Consolidated Financial Statements of MEE Holding ApS, Frederiksberg, Denmark.

5.5 Significant events after the reporting period

The implications of COVID-19, with many governments across the world closing down their countries, will have a substantial impact on the global economy. Management considers the implications of COVID-19 as a subsequent event occurred after the balance sheet date (December 31, 2019), which is therefore a non-adjusting event to the Group.

Many of the Group's customers have indicated that they will continue with their subscriptions, but there is still a risk that COVID-19 will have a negative impact on the Group's revenue in 2020. Management is monitoring developments closely, but it is still too early to give an opinion as to whether, and to what extent, COVID-19 will impact revenue in 2020. Management will make an effort to recapture any lost revenue later in the year.

5.6 Fee to statutory auditor

The total fee for the statutory auditor which is included in general & admin costs can be specified as follows:

USD '000	2019	2018
Statutory audit	98	81
Tax advisory services	165	181
Other services	136	53
Total	**399**	**315**

NOTES

5.7 Entities in the Siteimprove Group

Name	Country	Currency	Share capital	Ownership
Siteimprove A/S	Denmark, Copenhagen	DKK	555,126	Parent
Siteimprove AS	Norway, Oslo	NOK	50,000	100%
Siteimprove GmbH	Germany, Berlin	EUR	25,000	100%
Siteimprove GmbH	Switzerland, Zürich	CHF	20,000	100%
Siteimprove GmbH	Austria, Vienna	EUR	35,000	100%
Siteimprove i Sverige AB	Sweden, Malmo	SEK	100,000	100%
Siteimprove Inc.	USA, Minneapolis	USD	1,000	100%
Siteimprove Inc.	Canada, Toronto	CAD	100	100%
Siteimprove K.K.	Japan, Tokyo	JPY	50,000	100%
Siteimprove Pte. Ltd.	Singapore	SGD	100,000	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	DKK	50,000	100%
Siteimprove Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Pty Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove B.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove S.L.U.	Spain, Madrid	EUR	3,000	100%
Siteimprove S.R.L.	Italy, Milan	EUR	10,000	100%
Siteimprove SAS	France, Paris	EUR	1	100%
Siteimprove SPRL	Belgium, Brussels	EUR	6,200	100%

Financial statements for the parent company

INCOME STATEMENT JANUARY 1 - DECEMBER 31

DKK '000	Note	2019	2018
Revenue	2	**197,533**	**138,504**
Cost of revenue	3 / 4	(32,852)	(25,070)
Gross profit		**164,680**	**113,434**
Sales & marketing costs	3 / 4	(60,578)	(64,079)
Research & development costs	3 / 4	(104,032)	(86,798)
General & admin costs	3 / 4	(52,106)	(40,247)
Other Income		720	-
EBIT		**(51,315)**	**(77,689)**
Write-downs or gains on financial assets	10	1,740	(827)
Financial income	5	16,059	7,237
Financial costs	6	(33,138)	(18,456)
Net profit/(loss) before tax		**(66,655)**	**(89,735)**
Income taxes	7	6,395	4,495
Net profit/(loss)		**(60,260)**	**(85,240)**

BALANCE SHEET DECEMBER 31

Assets

DKK '000	Note	2019	2018
Contract assets		5,974	6,850
Development projects		33,573	23,828
Development projects in progress		11,743	6,917
Total intangible fixed assets	8	**51,290**	**37,594**
Leasehold improvements		1,213	1,732
Other fixtures, furniture, and fittings		4,997	7,171
Right-of-use assets		25,464	-
Total tangible fixed assets	9	**31,674**	**8,903**
Investments in subsidiaries	10	5,978	5,850
Other financial fixed assets	11	6,612	6,487
Total other non-current assets		**12,590**	**12,337**
Total non-current assets		**95,555**	**58,835**
Trade receivables		4,452	6,840
Receivables from subsidiaries		5,129	2,952
Deferred tax assets	7	23,990	23,990
Income tax receivables		5,000	4,000
Prepayments	12	9,355	8,597
Total receivables		**47,925**	**46,379**
Cash and cash equivalents		2,617	2,582
Total current assets		**50,543**	**48,961**
Total assets		**146,097**	**107,796**

BALANCE SHEET DECEMBER 31

Equity and liabilities

DKK '000	Note	2019	2018
Share capital	13	555	555
Reserve for development projects		35,346	23,981
Reserve for warrants		8,070	3,957
Retained earnings		(215,993)	(144,368)
Total equity		**(172,021)**	**(115,875)**
Provision for financial assets	14	-	639
Other provisions	14	8,386	2,450
Lease liabilities	15	16,616	-
Total non-current liabilities		**25,002**	**3,089**
Borrowings		86,344	59,235
Trade payables		6,410	6,762
Payables to subsidiaries		147,861	108,811
Other liabilities		23,471	29,658
Lease liabilities	15	9,931	-
Contract liabilities		19,098	16,115
Total current liabilities		**293,116**	**220,582**
Total liabilities		**318,119**	**223,670**
Total equity and liabilities		**146,097**	**107,796**
Contingent assets, liabilities, and other financial obligations	16		
Related parties, transactions, ownership, and consolidated financial statements	17		
Distribution of result	18		
Significant events after the reporting period	19		

STATEMENT OF CHANGES IN EQUITY

DKK '000	Share capital	Reserve for development projects	Reserve for warrants	Retained earnings	Total
Equity at January 1	**555**	**23.981**	**3.957**	**(144.368)**	**(115.875)**
Development costs for the year		25,078		(25,078)	**-**
Amortizations and impairment for the year		(10,507)		10,507	**-**
Tax of development projects		(3,206)		3,206	**-**
Movement in reserve for warrants			4,113	-	**4,113**
Net profit/loss				(60,260)	**(60,260)**
Equity at December 31	**555**	**35,346**	**8,070**	**(215,993)**	**(172,021)**

NOTES

1 Accounting policies

Basis of Preparation

The Financial Statements of Siteimprove A/S for 2019 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying medium-sized enterprises of reporting class C.

The Financial Statements are presented in DKK thousands.

The Consolidated Financial Statements have been prepared in accordance with IFRS. The accounting policies applied for the Consolidated Financial Statements regarding recognition and measurement have also been applied for the Parent Company with the below exceptions.

- With reference to §86, para. 4 of the Danish Financial Statements Act no Cash Flow Statement for the Parent Company is disclosed. Please refer to the Consolidated cash flow statement for the Group.
- With reference to §101, para. 4 of the Danish Financial Statements Act no separate 5-year summary for the Parent Company is disclosed. Please refer to the Consolidated 5-year summary for the Group.
- With reference to §96, para. 3 of the Danish Financial Statements Act no separate disclosure of auditor's fee for the Parent Company is disclosed. Please refer to the Consolidated Financial Statements.

Changes in accounting policies

The accounting policies applied are unchanged expect from what is outlined below.

- In relation to right-of-use assets, the provisions in IFRS have been adopted as of January 1, 2019.
- Management has decided to reclassify certain costs between cost lines in the Consolidated Financial Statements in previous years. This is done to enhance the true and fair view of the financial position and business of which the Group operates. The change has not resulted in any adjustments to the net profit/(loss) or equity.

Investments in subsidiaries

Investment in subsidiaries are measured at cost less accumulated impairment losses and amortizations on positive differences on initial recognition in the balance sheet. Where cost exceeds the recoverable amount, write-down is made to this lower value.

On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts of the investments is taken to the income statement.

Share-based payments

In relation to share-based payments, the provisions in IFRS 2 have been adopted as the Danish Financial Statements Act does not regulate share-based payments settled via equity instruments, but only cash-settled share-based payments.

Derogation from the Danish Financial Statements Act for share-based payments means that the year's cost for share-based payments are not recognised as a liability in the balance sheet, but directly in the statement of equity. For the monetary impact, please refer to the statement of changes in equity and note 4 'Staff costs'.

Right-of-use assets and lease liabilities

In relation to right-of-use assets, the provisions in IFRS 16 have been adopted as the Danish Financial Statements Act does not regulate the recognition of assets that are not owned by the Company ("operating leases") as part of the balance sheet.

Derogation from the Danish Financial Statements Act for right-of-use assets means that the discounted value of future lease payments is recognized as an asset and liability as part of the balance sheet. For the monetary impact, please refer to the balance sheet and note 15 'Short-term and long-term liabilities'.

DKK '000	2019	2018

2 Revenue

The Company operates in different markets located in North America and Europe. The revenue derived from these two individual regions is listed below:

	2019	2018
North America	128,280	92,776
Europe	69,252	45,727
Total	**197,533**	**138,504**

NOTES

DKK '000		2019	2018
3	**Staff costs**		
	Wages and salaries	141,913	135,893
	Pensions	10,134	8,868
	Social security costs	1,693	1,522
	Share-based payments	4,113	2,370
	Total	**157,854**	**148,653**
	Staff costs included in development projects	(24,683)	(24,434)
	Commissions included in deferred commissions	(2,097)	(3,214)
	Staff costs expensed to the income statement	**131,074**	**121,005**
	Above includes remuneration to the Executive Board & Board of Directors	**4,225**	**4,571**
	Average number of employees	**208**	**192**
4	**Depreciations, amortizations and impairment**		
	Amortizations of intangible assets	13,667	12,045
	Depreciations on tangible assets	15,069	4,859
	Total	**28,736**	**16,905**
5	**Financial income**		
	Interests received from affiliated companies	109	99
	Other financial income	-	1
	Exchange rate gains	15,950	7,137
	Total	**16,059**	**7,237**

NOTES

DKK '000	2019	2018

6 Financial costs

	2019	2018
Interests paid to affiliated companies	6,618	4,757
Other financial costs	6,604	3,237
Exchange rate losses	19,916	10,461
Total	**33,138**	**18,456**

7 Income and deferred income taxes

Income taxes	2019	2018
Current income tax	5,000	4,000
Deferred income tax	-	-
Adjustments concerning previous years	1,395	495
Total	**6,395**	**4,495**

Deferred income taxes	2019	2018
Deferred income tax on January 1	23,990	23,990
Movement for the year	-	-
Deferred income tax on December 31	**23,990**	**23,990**

The deferred tax asset primarily consists of losses carried forward, that are expected to be utilized within 5 years. When assessing the utilization of the tax asset an emphasis is put on the Company's significant growth rates on existing markets as well as entry into new markets.

At December 31, 2019 the Company has a total of DKK 39,022k (2018: DKK 25,898k) as unrecognized deferred tax assets.

NOTES

8 Intangible assets

DKK '000	Contract assets	Devel-opment projects	Devel-opment projects in progress	Total
Accumulated cost at January 1	12,147	46,699	6,917	**65,762**
Additions	2,284	4,140	20,938	**27,362**
Transfers	-	16,112	(16,112)	**-**
Accumulated cost at December 31	**14,431**	**66,950**	**11,743**	**93,124**
Accumulated amortizations and impairment at January 1	(5,297)	(22,871)	-	**(28,168)**
Amortizations	(3,160)	(10,507)	-	**(13,667)**
Accumulated amortizations and impairment at December 31	**(8,457)**	**(33,378)**	**-**	**(41,835)**
Carrying amount at December 31	**5,974**	**33,573**	**11,743**	**51,290**

Development projects relates to the continuous development of new tools and features for the Siteimprove Intelligence Platform. The projects are expected to be finalized over the course of 2020, where after the marketing of the new software services can begin. The projects are progressing as planned and it is expected that the software will be sold in current and new markets.

9 Tangible assets

DKK '000	Leasehold improve-ments	Other fixtures, furniture, and fittings	Right-of-use assets	Total
Accumulated cost at January 1	3,444	17,582	-	**21,027**
Additions	-	2,190	35,650	**37,840**
Accumulated cost at December 31	**3,444**	**19,772**	**35,650**	**58,867**
Accumulated depreciations and impairment at January 1	(1,712)	(10,411)	-	**(12,123)**
Depreciations	(520)	(4,363)	(10,186)	**(15,069)**
Accumulated depreciations and impairment at December 31	**(2,232)**	**(14,775)**	**(10,186)**	**(27,192)**
Carrying amount at December 31	**1,213**	**4,997**	**25,464**	**31,674**

NOTES

DKK '000	2019	2018

10 Investments in subsidiaries

	2019	2018
Accumulated cost at January 1	8,978	8,450
Additions	-	528
Disposals	(60)	-
Accumulated cost at December 31	**8,918**	**8,978**
Accumulated amortizations and impairment at January 1	(3,128)	(2,940)
Impairment	-	(188)
Revaluation	188	-
Accumulated amortizations and impairment at December 31	**(2,940)**	**(3,128)**
Carrying amount at December 31	**5,978**	**5,850**

Name	Country	Currency	Share capital	Ownership
Siteimprove AS	Norway, Oslo	NOK	50,000	100%
Siteimprove GmbH	Germany, Berlin	EUR	25,000	100%
Siteimprove GmbH	Switzerland, Zürich	CHF	20,000	100%
Siteimprove GmbH	Austria, Vienna	EUR	35,000	100%
Siteimprove i Sverige AB	Sweden, Malmo	SEK	100,000	100%
Siteimprove Inc.	USA, Minneapolis	USD	1,000	100%
Siteimprove Inc.	Canada, Toronto	CAD	100	100%
Siteimprove K.K.	Japan, Tokyo	JPY	50,000	100%
Siteimprove Pte. Ltd.	Singapore	SGD	100,000	100%
Siteimprove Føroyar Sp/f	Faroe Islands, Tórshavn	DKK	50,000	100%
Siteimprove Ltd.	United Kingdom, London	GBP	1	100%
Siteimprove Pty Ltd.	Australia, Sydney	AUD	1	100%
Siteimprove B.V.	Netherlands, Amsterdam	EUR	1	100%
Siteimprove Oy	Finland, Helsinki	EUR	2,500	100%
Siteimprove S.L.U.	Spain, Madrid	EUR	3,000	100%
Siteimprove S.R.L.	Italy, Milan	EUR	10,000	100%
Siteimprove SAS	France, Paris	EUR	1	100%
Siteimprove SPRL	Belgium, Brussels	EUR	6,200	100%

NOTES

DKK '000	2019	2018

11 Other financial fixed assets

Accumulated cost on January 1	6,487	7,382
Additions	125	105
Disposals	-	(1,000)
Accumulated cost on December 31	**6,612**	**6,487**
Accumulated revaluation and impairment on January 1	-	-
Accumulated revaluation and impairment on December 31	**-**	**-**
Carrying amount on December 31	**6,612**	**6,487**

12 Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, and subscriptions.

13 Share capital

The share capital consists of 555,126 shares of nominal value of DKK 1. The share capital is divided into class A-shares (141,982), class B-shares (413,044) and class C-shares (100).

The share capital has developed as follows:

DKK	2019	2018	2017	2016	2015
Share capital on January 1	555,126	555,126	555,126	555,026	516,304
Capital increases	-	-	-	100	38,722
Capital decreases	-	-	-	-	-
Share capital on December 31	**555,126**	**555,126**	**555,126**	**555,126**	**555,026**

The Company has issued a total number of 29,211 warrants entitling to subscribe 13,656 C-shares with a nominal value of DKK 1 at USD 360.34 per share. Warrants may be utilized until December 31, 2027 and only if the Company achieves an IPO, or more than 50% of the Company or its assets are transferred to a third party.

14 Provisions

Provision for financial assets covers write-downs on the Company's subsidiaries. Other provisions covers obligation to re-establish the Company's leased premises.

NOTES

DKK '000	2019	2018

15 Short-term and long-term lease liabilities

Repayments that fall due within 1 year are recognized under current liabilities. Repayments that fall due after 1 year are recognized under non-current liabilities.

Liabilities are due according to the following order:

Within 1 year	9,931	-
Between 1 and 5 years	16,616	-
After 5 years	-	-
Total	**26,548**	**-**

16 Contingent assets, liabilities, and other financial obligations

CONTINGENT LIABILITIES

The Company has provided corporate pledges to banks totalling DKK 99.7 million (2018: DKK 97.5 million). The corporate pledge includes current and non-current tangible and intangible assets. No limitations in the use of assets apply.

Through participation in joint taxation schemes, the Company is jointly and severally liable for the tax payables.

The Company has issued a letter of comfort to subsidiaries.

17 Related parties, transactions, ownership, and consolidated financial statements

Controlling interest
MEE Holding ApS, Frederiksberg (majority shareholder).

Transactions with related parties
With reference to §98c, para. 7 of the Danish Financial Statements Act no transactions are disclosed.

Ownership
The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

MEE Holding ApS, Frederiksberg
Nescon Software ApS, Copenhagen
Summit Partners (SMP) Sarl, Luxembourg

Consolidated financial statements

The ultimate parent company is MEE Holding ApS, Frederiksberg, Denmark.

Siteimprove A/S is included in the Consolidated Financial Statements of MEE Holding ApS, Frederiksberg, Denmark.

NOTES

DKK '000	2019	2018

18 Distribution of result

Retained earnings	(60,260)	(85,240)
Total	**(60,260)**	**(85,240)**

19 Significant events after the reporting period

The Company has not experienced any significant events after December 31, 2019 which have an impact on the annual report.

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